

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Unit Name <u>CITY OF MARQUETTE</u>	County <u>MARQUETTE</u>
Fiscal Year End <u>JUNE 30, 2007</u>	Opinion Date <u>DECEMBER 14, 2007</u>	Date Audit Report Submitted to State <u>DECEMBER 28, 2007</u>			

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>	<u>SINGLE AUDIT TO BE FORWARDED</u>		
Certified Public Accountant (Firm Name) <u>ANDERSON, TACKMAN & CO. P.C.</u>		Telephone Number <u>906-283-1166</u>		
Street Address <u>102 W. WASHINGTON ST.</u>		City <u>MARQUETTE</u>	State <u>MI</u>	Zip <u>49855</u>
Authorizing CPA Signature <u>John W. Blemberg CPA</u>		Printed Name <u>JOHN W. BLEMBERG</u>		License Number <u>10180</u>

City of Marquette, Michigan
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2007

City of Marquette, Michigan

Comprehensive Annual Financial Statement

Fiscal Year Ended June 30, 2007

**City Commission
Tom Tourville, Mayor**

**Mike Coyne
Joseph Lavey
Beth Linna
John DePetro
Don Potvin
John Kivela**

**City Manager
Judy Akkala**

**Prepared By
Finance and Accounting Department**

**Finance Director
Gary Simpson**

City of Marquette
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2007

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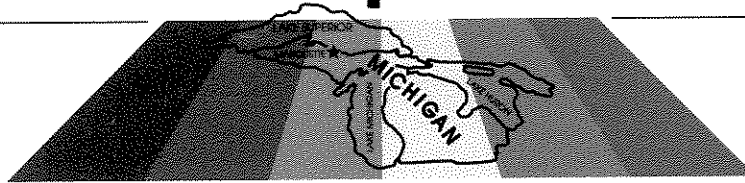
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Marquette



the Superior location

December 19, 2007

Honorable Mayor, Members of the City Commission,
And the Citizens of Marquette, Michigan

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the City of Marquette, Michigan for the fiscal year ended June 30, 2007, is hereby submitted in accordance with Section 8.9 of the City Charter, State and Federal statutes. The City Charter and statutes require that the City of Marquette, Michigan issue an annual report on its financial position and activity and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. We believe the data as presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

To provide a reasonable basis for making these representations, the City's management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our belief, this financial report is complete and reliable in all material respects.

REPORTING ENTITY

The financial reporting entity (the City) includes all the funds of the primary government (i.e., City of Marquette, Michigan as legally defined), as well as all of its component units. The criterion used in determining the reporting entity is in accordance with Statement #14 by the Governmental Accounting Standards Board (GASB). Component units are legally separate entities for which the primary government is financially accountable. Blended component units (although legally separate entities) are, in substance, part of the primary government's operations and are included (blended) as part of the primary government. The City of Marquette Building Authority is included as a blended component unit.

because its sole purpose is to finance and construct the City's public buildings. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The City of Marquette Board of Light and Power, the City of Marquette Downtown Development Authority, the Marquette Housing Commission, and the Peter White Public Library are reported as discretely presented component units in this CAFR.

CITY PROFILE

The City of Marquette is the county seat of Marquette County and is the largest community in Michigan's Upper Peninsula. The county contains the largest land mass out of all Michigan counties, encompassing 1,878 square miles. The City is located on the south shore of Lake Superior and is one of the oldest communities in Michigan's Upper Peninsula. Founded in 1849 with the discovery of high grade iron ore, the City has been a major port for shipping for more than 100 years. It was incorporated as a village in 1859 and as a city in 1871 under the provision of Act 279, PS 1909, as amended (Home Rule City Act).

The City provides a full range of municipal activities including: executive, elections, general services, administration, law enforcement, fire protection, protective inspection, public parks and recreation, cultural, conservation of natural resources, planning, and other functions. In addition, the City maintains four enterprise funds providing water and sewer utilities, marina services, transportation rental services, and stormwater management.

The City of Marquette is organized under the Commission-Manager form of government. The Commission consists of seven members, elected at large, who are residents of the City and qualified to vote under the constitution and laws of the State of Michigan. The members of the Commission are elected to serve staggered terms of three years with a maximum of six consecutive years. The Mayor and Mayor Pro-Tem of the City are elected annually from amongst the Commission members. The Commission appoints the City Manager and the City Attorney. All other administrative appointments are the responsibility of the City Manager.

ECONOMIC CONDITIONS AND OUTLOOK

With a stable population of approximately 20,000 residents and affordable living, the City remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report. The City's major employers, Northern Michigan University and Marquette General Hospital, continue to help strengthen the area economy. NMU is increasing enrollment to near record levels and MGH continues to expand which should help bring more jobs and spending to the local economy. The area's timber operations are self-sustaining and continue to provide employment and pump money into the local economy and the iron ore mines continue operations after a brief close down in the summer of 2001. The City still has room to expand in its industrial park and interest appears to be picking up in potential companies desiring to locate there. These additions will add more jobs, more spending, and added property tax base to the local economy.

plenty of both summer and winter recreational activities. This past summer saw the continuation of Cruise Ships visiting the City as a regular stop on tours of the Great Lakes which will provide even greater opportunities to pump more money into the local economy. Also, through its Downtown Development Authority, the City continues to work with the downtown merchants and provide opportunities for attracting more visitors to Marquette's downtown shopping district. Current projects include adding a linear park with an out-door ice skating rink in the downtown area and to continue to strongly support the festivals which bring in several thousands of visitors to the City each year.

Marquette continues to provide a quality of life that is difficult to match anywhere in the country. Our leadership continues to guide the future of Marquette with a proactive, visionary approach and an appreciation for cooperation and teamwork. Nearly 160 community volunteers serve on the City's 24 boards, committees, and commissions. The City will prosper and continue to be a "Superior Location" with open government leadership, a strong education system, an active business community and spirited citizen involvement.

FY 2007 INITIATIVES

The major theme which guided projects and initiatives for FY 2007 was:

- Infrastructure Repairs, Replacements and Improvements

In accordance with this theme, the following was accomplished in FY 2007:

- ✓ Stormwater Drainage Improvements - \$206,508
- ✓ Water/Sewer System Improvements – \$3,793,971
- ✓ Street/Road Reconstruction - \$2,224,825

PLANNING FOR THE FUTURE

Key components of the City Commission Strategic Plan for FY 2007 were:

- ⇒ Develop our Master Plan to incorporate our vision concepts.
- ⇒ Maintain our leadership role in infrastructure development and improvements.
- ⇒ Continue to foster regionalism.

#1) Develop our Master Plan to incorporate our vision concepts.

- Develop a vision using the vision concepts collected from area residents, boards, committees, and commissions.
- Other issues to be addressed are: Street Projects, Founders Landing Development, Iron Bay Business Park, Shoreline Erosion, Trail System (motorized and non motorized), and Pilings Re-use.

#2) Maintain our leadership role in infrastructure development and improvements.

- Undertake major and local street reconstruction projects.
- Work toward having overhead utilities converted to underground.
- Upgrade of the Wastewater Treatment Plant.
- Evaluate clearing the median of utilities, signs, and trees during major street

reconstruction and renovation projects.

- Conduct an over all evaluation of park facilities and uses for best utilization.

#3) Continue to foster regionalism.

- Partner with others to complete a demographic assessment.
- Continue to address senior and recreation issues from a regional perspective.

Plans beyond FY 2007 will continue to emphasize the major themes of aggressive infrastructure improvement, technology enhancement, and maintenance of currently operating facilities with an even stronger emphasis on the waterfront and downtown areas.

OTHER FINANCIAL INFORMATION

Risk Management – The objective of risk management is to provide maximum quality protection to the City’s assets, employees and the public at the lowest possible cost. Various risk control techniques, including employee accident prevention training, have been implemented to minimize accident-related losses. The City is constantly evaluating its risk management practices seeking to improve its safety and loss control functions, insurance placement, and financing practices.

As of July 1, 1997 the City of Marquette initiated a comprehensive risk management program with the Michigan Municipal Liability & Property Pool for general liability, public official’s errors and omissions, police professional liability, personal injury and broadcaster liability, and automotive liability insurance. The Michigan Municipal Liability Workmen’s Compensation Pool is used for employee injury claims. Both of these are risk sharing pools whereby member premiums are used to pay member claims in excess of deductibles and to purchase commercial excess insurance coverage.

Cash Management – Pursuant to the cash management policy of the City, cash temporarily idle during the year was invested in those investments authorized by law and included certificates of deposit, demand savings accounts, and securities sold by the United States government or its agencies and State approved municipal trust funds. The City invests all funds’ cash, with maturities planned to coincide with cash needs utilizing the pooled cash concept whenever possible. Any cash available for longer term investing is reviewed by the Investment Advisory Board which meets quarterly. The Board of Light and Power Electric Utility Fund has separate cash management and investing practices apart from all other City funds. The operations of the Light and Power Utility are administered by an elected Board.

The City of Marquette’s investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Detailed information is presented in Footnote B, which classifies levels of risk for deposits and investments.

Pension Benefits – The City provides retirement benefits to its employees through one of three different plans. The Pension Funded Ratio (PFR) of the Actuarial Accrued Liability measures the progress of the systems in accumulating benefits when due.

Qualified employees of the Fire and Police Departments are included in a single-employer public employee retirement system under the guidelines of Public Act 345 and is accounted for as a Pension Trust Fund. As of December 31, 2006, this plan had a PFR of 97%, down from the December 31, 2005 PFR of 100%.

Qualified Senior and Middle Management employees are included in a defined contribution plan. This plan had no unfunded liabilities as of December 31, 2006.

All other qualified employees are included in an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for all Michigan municipal employees. As of December 31, 2006, this plan had a PFR of 74%, down from the PFR of 77% of December 31, 2005.

OTHER INFORMATION

Independent Audit – The City Charter requires an annual audit of the accounts, financial records, and transactions of all administrative departments of the City by an independent certified public accountant selected by the City Commission. This requirement has been completed and the independent auditor's report has been included in this report.

Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Marquette, Michigan for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This is the 20th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Other awards recently presented to the City include: All American City designation for Marquette County, Cool City designation from the Governor, Governor's Council on Physical Fitness, Health and Sports for Level 3 Promoting Active Communities, Tree City USA from the National Arbor Day Foundation for the past twenty-one consecutive years, Excellence in Storage from the Salt Institute for the last ten consecutive years, USEPA Region 5 Award of Excellence to the Marquette Area Wastewater Treatment Facility in 1996 and 2001, Eminent Conceptor Award and Grand Award from American Consulting Engineers Council for Excellence in Engineering for the Water Filtration Plant in 1998, Honor Award from American Academy of Environmental Engineers for Excellence in Engineering for the Water Filtration Plant in 1998, Public Awareness Award from Michigan Section AWWA in 1998, One of the best places to live and bike from Bike Magazine, named among The 100 Best Small Art Towns in America, and the Governor's Award for the Arts and Culture Center in 2004.


Acknowledgments – Special recognition must be extended to members of the Finance Department who assisted with the development of the Comprehensive Annual Financial Report and annual independent audit. We wish to express our appreciation to all members of the City's departments and the accounting firm of Anderson, Tackman and Company, PLC, who contributed to this preparation.

We would also like to thank the members of the Marquette City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Judy Akkala
City Manager



Gary W. Simpson
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

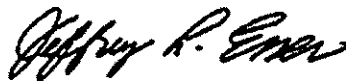
City of Marquette
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

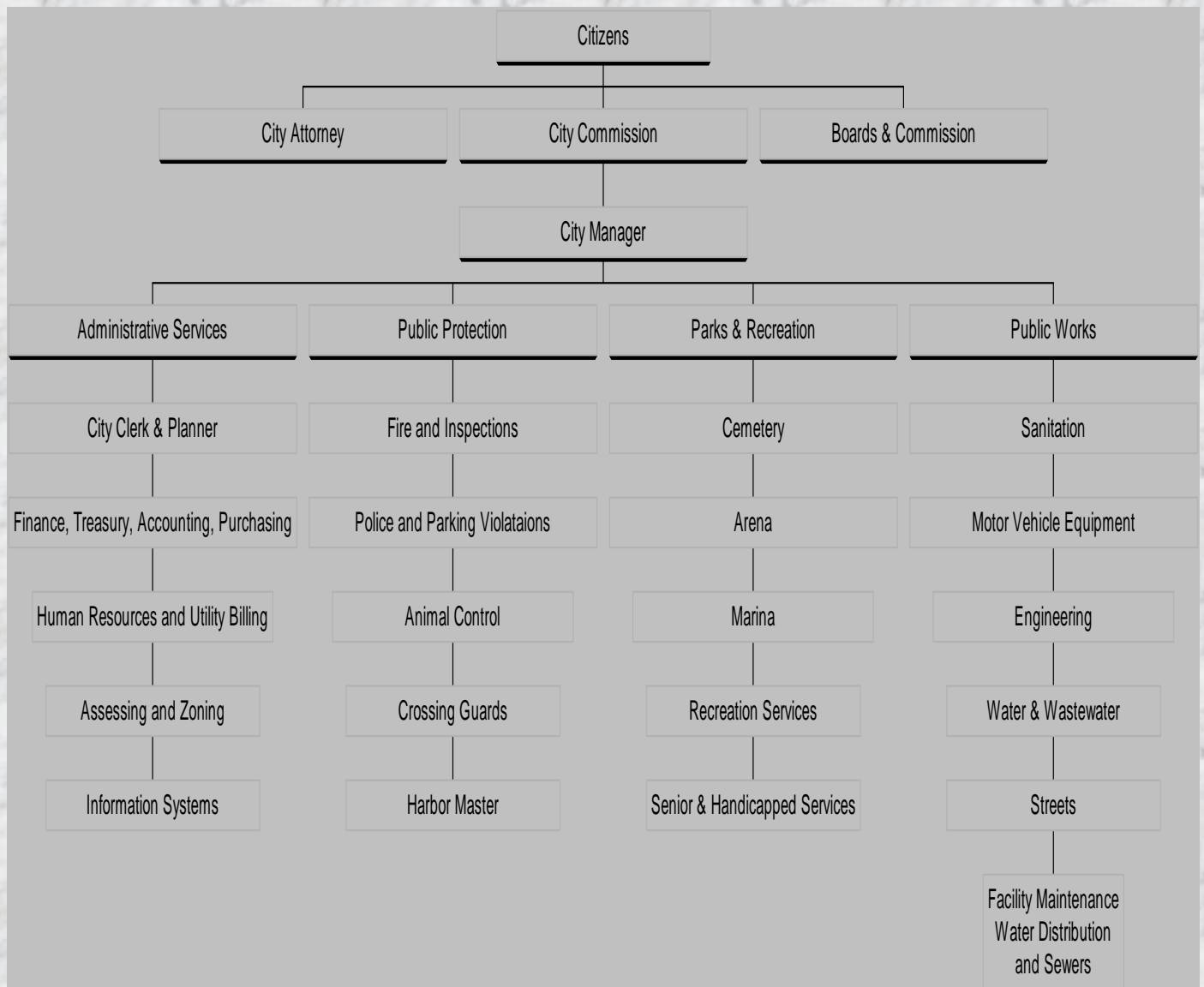


President



Executive Director

City of Marquette Organizational Chart



CITY OF MARQUETTE, MICHIGAN
ADMINISTRATIVE STAFF

City Manager	Judy Akkala
Assistant City Manager	Karl Zueger
City Attorney	Ron Keefe
Finance Director	Gary Simpson
City Assessor	Sue Maki
City Clerk	Dave Bleau
City Engineer	Keith Whittington
Assistant City Engineer	Gregory Borzick
City Treasurer	Diane Giddens
Information Services Director	Alan Hawker
Police Chief	Philip Siegert
Fire Chief	Thomas Belt
Library Director	Pamela Christensen
Light and Power Utility Director	Kirby Juntila
Superintendent of Public Works	Scott Cambensy
Superintendent of Water and Wastewater	Curt Goodman
Human Resources Manager	Susan Bohor
Arts and Center Coordinator	Nikke Nason
City Planner/Zoning Administrator	Dennis Stanchewicz
Parks and Recreation Director	Hugh Leslie



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City
Commission and the City Manager of the
City of Marquette, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marquette, Michigan, as of and for the year ended June 30, 2007, which collectively comprise the City of Marquette, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Marquette, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Board of Light and Power, a component unit of the City, which represents 78 percent and 84 percent of the assets and revenues of the component unit column. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Light and Power, is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the report of the other auditors, provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Marquette, Michigan as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Commission and the City Manager of the
City of Marquette, Michigan

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007, on our consideration of the City of Marquette, Michigan's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 21 through 30 and pages 38 through 39, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marquette, Michigan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

December 14, 2007

City of Marquette, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the City of Marquette's financial performance provides an overview of the City's financial activities for the year ended June 30, 2007. Please read it in conjunction with the financial Statements, which begin on page 32.

FINANCIAL HIGHLIGHTS

- Net assets for the City as a whole decreased by \$(185,180) as a result of this year's operations. Net assets of our business-type activities decreased by \$(3,001,125) or (7.59)%, and net assets of our governmental activities increased by \$2,815,945, or 6.94%.
- During the year, the City had expenses for governmental activities that were \$11,947,377 more than the \$7,283,711 generated in program revenues and other program sources.
- The City's business-type activities had expenses that were \$1,528,011 more than the \$7,229,848 generated in revenues and other sources.
- The general fund reported a net change in fund balance of \$2,209,574. This is \$2,538,057 higher than the forecasted decrease of \$(328,483).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial Statements. The Statement of Net Assets and the Statement of Activities (on pages 32 and 33) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial Statements start on page 34. For governmental activities, these Statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial Statements also report the City's operations in more detail than the government-wide Statements by providing information about the City's most significant funds. The remaining Statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 23. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These Statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two Statements report the City's *net assets* and changes in them. You can think of the City's net assets - the difference between assets and liabilities - as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's patron base and the condition of the City's capital assets, to assess the *overall financial health* of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- *Governmental activities* – Most of the City's basic services are reported here, including the police, fire, public works and parks departments, and general administration. Property taxes, charges for

services and State sources fund most of these activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

- *Business-type activities* – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system, stormwater, marina and transportation center activities are reported here.
- *Component units* – The City includes four separate legal entities in its report – the Board of Light and Power, the Peter White Public Library, the Downtown Development Authority, and the Marquette Housing Commission. Although legally separate, these "component units" are important because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 28. The fund financial Statements begin on page 34 and provide detailed information on the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Commission establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The City's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund Statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial Statements.
- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide Statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the Motor Vehicle Equipment Fund.

The City as Trustee

The City is the trustee, or fiduciary, for its Fire-Police Retirement System pension plan. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 43 and 44. We exclude these activities from the City's other financial Statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The City as a Whole

Table I provides a summary of the City's net assets as of June 30, 2007 and 2006.

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$24,990,219	\$17,286,638	\$1,462,452	\$2,669,076	\$26,452,671	\$19,955,714
Capital assets, net	<u>50,775,999</u>	<u>49,061,088</u>	<u>47,755,036</u>	<u>47,459,073</u>	<u>98,531,035</u>	<u>96,820,161</u>
Total Assets	<u>75,766,218</u>	<u>66,347,726</u>	<u>49,217,488</u>	<u>50,428,149</u>	<u>124,983,706</u>	<u>116,775,875</u>
Current liabilities	12,619,151	10,358,733	3,642,522	1,991,874	16,261,673	12,350,607
Noncurrent liabilities	<u>19,780,198</u>	<u>15,438,069</u>	<u>9,026,669</u>	<u>8,886,853</u>	<u>28,806,867</u>	<u>24,324,922</u>
Total Liabilities	<u>32,399,349</u>	<u>25,796,802</u>	<u>12,669,191</u>	<u>10,878,727</u>	<u>45,068,540</u>	<u>36,675,529</u>
Net Assets:						
Invested in capital assets, net of related debt	29,731,919	32,827,042	31,910,645	32,258,682	61,642,564	65,085,724
Restricted	568,371	548,317	1,938,968	1,951,234	2,507,339	2,499,551
Unrestricted	<u>13,066,579</u>	<u>7,175,565</u>	<u>2,698,684</u>	<u>5,339,506</u>	<u>15,765,263</u>	<u>12,515,071</u>
Total Net Assets	<u>\$43,366,869</u>	<u>\$40,550,924</u>	<u>\$36,548,297</u>	<u>\$39,549,422</u>	<u>\$79,915,166</u>	<u>\$80,100,346</u>

Net assets of the City's governmental activities stood at \$43,366,869. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$13,066,579.

The \$13,066,579 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The net assets of our business-type activities stood at \$36,548,297. The City can generally only use these net assets to finance continuing operations of the water and sewer and other enterprise operations.

The results of this year's operations for the City as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal years 2007 and 2006.

Table 2
Change in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues						
Program revenues:						
Charges for services	\$4,776,191	\$4,448,681	\$7,204,791	\$6,941,416	\$11,980,982	\$11,390,097
Operating grants and contributions	2,392,818	5,446,027	25,057	9,000	2,417,875	5,455,027
Capital grants and contributions	114,702	647,205	-	-	114,702	647,205
General revenues:						
Property taxes	9,955,477	9,509,085	-	-	9,955,477	9,509,085
Unrestricted State sources	2,290,677	2,234,285	-	-	2,290,677	2,234,285
Investment earnings	827,856	255,506	74,054	230,576	901,910	486,082
Miscellaneous	<u>138,306</u>	<u>133,747</u>	<u>3,838</u>	<u>91,116</u>	<u>142,144</u>	<u>224,863</u>
Total Revenues	<u>20,496,027</u>	<u>22,674,536</u>	<u>7,307,740</u>	<u>7,272,108</u>	<u>27,803,767</u>	<u>29,946,644</u>
Program Expenses:						
General Government	3,395,398	2,994,081	-	-	3,395,398	2,994,081
Public health and safety	4,948,192	4,919,863	-	-	4,948,192	4,919,863
Public works	3,039,550	3,546,425	-	-	3,039,550	3,546,425
Highways and streets	2,324,977	1,738,087	-	-	2,324,977	1,738,087
Social services	355,193	511,948	-	-	355,193	511,948
Sanitation	1,238,866	1,210,914	-	-	1,238,866	1,210,914

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 2 (Continued)
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Recreation and culture	\$1,261,545	\$1,302,717	\$-	\$-	\$1,261,545	\$1,302,717
Interest on long-term debt	750,760	845,767	-	-	750,760	845,767
Depreciation - unallocated	1,916,607	1,912,853	-	-	1,916,607	1,912,853
Water supply and sewage disposal	-	-	6,512,473	6,339,831	6,512,473	6,339,831
Stormwater utility	-	-	891,632	866,257	891,632	866,257
Marina	-	-	394,386	374,433	394,386	374,433
Intermodal transportation terminal	-	-	959,368	86,003	959,368	86,003
Total Expenses	<u>19,231,088</u>	<u>18,982,655</u>	<u>8,757,859</u>	<u>7,666,524</u>	<u>27,988,947</u>	<u>26,649,179</u>
Excess (deficiency) before transfers and extraordinary item	1,264,939	3,691,881	(1,450,119)	(394,416)	(185,180)	3,297,465
Transfers	1,551,006	(842,977)	(1,551,006)	842,977	-	-
Extraordinary item	-	-	-	-	-	-
Increase (decrease) in net assets	2,815,945	2,848,904	(3,001,125)	448,561	(185,180)	3,297,465
Net assets, beginning	<u>40,550,924</u>	<u>37,702,020</u>	<u>39,549,422</u>	<u>39,100,861</u>	<u>80,100,346</u>	<u>76,802,881</u>
Net Assets, Ending	<u>\$43,366,869</u>	<u>\$40,550,924</u>	<u>\$36,548,297</u>	<u>\$39,549,422</u>	<u>\$79,915,166</u>	<u>\$80,100,346</u>

The City's total revenues were \$27,803,767. The total cost of all programs and services was \$27,988,947 leaving a decrease in net assets of \$(185,180). Our analysis below separately considers the operations of governmental and business-type activities:

Governmental Activities – Analysis of Individual Funds:

General Fund

The General Fund had revenues (excluding transfers-in) of \$17,715,430, an increase of \$1,248,685, or 7.58%, from the prior fiscal year. This increase is mostly due to the combination of Property Tax revenue increasing by \$566,946, a 5.92% increase, and Investment Income increasing \$442,607, or 257.63%. Property Tax revenue increased due to a 0.5625 millage rate increase and an increase in taxable values City-wide of 5.35%. Investment Income increased due to investment interest rates increasing and a smaller charge-off for writing investments down to market value this fiscal year as compared to the previous fiscal year. Other revenues were as follows: State Shared Revenues increased 2.57% in total due to a higher payout from the State for Fire Protection of State Facilities which increased 50.65%. The Sales Tax distribution portion of State Revenue Sharing decreased 1.10% due to lower tax collections at the State level which corresponds to less money being passed on from the State Pool. Federal and State Grants increased 23.96% because of a pass-thru grant received on behalf of the Downtown Development Authority for the Marquette Commons Ice Rink in the amount of \$235,704. Charges for Services increased by 2.41% due to higher fees collected for Garbage Disposal Fees. This revenue source is based on the contracted expenditure amount to provide Garbage Disposal services and is therefore offset by an increase in the amount paid for this service.

General Fund expenditures (excluding transfers out) increased \$348,645, or 2.70%, from the prior fiscal year. This increase is largely due to increased Personnel Service costs of \$162,540, or 1.80%, which was due to increases in fringe benefit rates and scheduled wage increases; a capital outlay expenditure in City Hall & Grounds in the amount of \$92,170 for Roof Replacement and similar type projects; and a capital outlay expenditure in the amount of \$64,500 in Parks and Recreation for Tourist Park Campground Electrical Upgrades. Expenditures by function were as follows: General Government increased 3.91%; Public Health and Safety increased 1.16%; Public Works and Sanitation increased 3.09%; Social Services decreased 17.45%; Recreation and Culture increased 24.73%; and Debt Service decreased 0.50%.

The General Government increases were mostly due to the Roof Replacement Project which would account for most of the 3.91% increase in spending over the prior fiscal year. The Public Health and Safety increase of 1.16% is due to increases in personnel services which were scheduled in the labor bargaining contracts.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The Public Works and Sanitation increase of 3.09% was in large part due to increased utility costs and office rental costs. Social Services decreased 17.45% mostly due to decreases in personnel services. Recreation and Culture increased 24.73% due to the Electrical Upgrades at Tourist Park Campground. Debt Service decreased 0.50% as per the debt service schedule.

Net Other Financing Uses decreased 33.09% due to closing out the Intermodal Transportation Fund and decreased Transfers Out of 19.97%.

The total Fund Balance increased \$2,209,574, or 50.61%, from the previous fiscal year while the unreserved portion of the Fund Balance increased \$2,353,801, or 61.00%, mostly due to timing issues with some capital outlay projects that won't be completed until FY 2008 and the closing of the Intermodal Transportation Fund.

Major and Local Street Funds

The Major Street Fund had revenues decrease 67.02% and the Local Street Fund had revenues decrease 56.69% from the previous fiscal year. The Major Street Fund decreased due to a jurisdictional transfer with the Michigan Department of Transportation for Washington Street in the previous fiscal year. Excluding this money transfer, the Major Street Fund revenues increased 1.91% due to slight increases in both the funding for State Trunkline Maintenance and the Gas/Weight Tax State Shared Revenue. The Local Street Fund had a decrease due to a Federal Highway Administration grant to help offset some of the repairs necessitated by the 2003 Dead River flood that was received in the previous fiscal year. Excluding this grant, the Local Street Fund had a decrease in revenues of 15.62% due to a decrease in the amount received for Winter Maintenance from the State. All other revenue sources within these two funds remained stable from the previous fiscal year.

The Major Street Fund had expenditure increases of 22.17% and the Local Street Fund had expenditures decrease 0.62% from the previous fiscal year. The Major Street increase is attributable to reconstruction of Washington Street. The Local Street decrease is negligible as all expenditure categories remained fairly stable as compared to the previous fiscal year.

Net Other Financing Sources increased 53.99% for the Major Street Fund and increased 334.47% for the Local Street Fund. The Major Street Fund increase is due to a lower Transfer-Out to the Construction Fund and the Local Street Fund increase is due to a higher Transfer-In from the General Fund. In the previous fiscal year, the Local Street Fund Transfer-In from the General Fund was reduced due to receiving the Federal Highway Administration grant.

These two funds traditionally do not carry a Fund Balance. This fiscal year and in the prior fiscal year, the Major Street Fund shows a Fund Balance to carry over monies received from the State to cover the Washington Street Reconstruction project. It is anticipated this Fund Balance will return to \$0 upon completion of the project during the next fiscal year.

Lakeview Arena Fund

The Lakeview Arena Fund had revenues increase \$93,014, or 15.11%, as compared to the previous fiscal year. This increase is due to receiving more revenue (\$90,431, or 27.23% more) for ice time.

Expenditures in the Lakeview Arena Fund decreased \$82,379 or 9.39% from the previous fiscal year. This decrease was due in large part to a decrease in Personnel Services (\$80,528, or 20.08%).

Other Financing Sources for the Lakeview Arena Fund decreased \$175,393, or 67.04% from the previous fiscal year. This is due to the Transfer-In from the General Fund being lower this year as a result of the higher

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

operational revenues and lower expenditures in the Lakeview Arena Fund.

The Fund Balance remained the same at \$43,119 from the previous fiscal year.

Construction Fund

Capital construction projects that have funding sources of more than one City accounting fund are accounted for in this single fund. In prior years, projects with multiple accounting fund sources were accounted for in each particular fund thereby making tracking of these projects a difficult process.

For this fiscal year, total project expenditures were \$3,436,183 of which \$1,693,174 (49.27% of expenditures) was funded by transfers-in from other City funds while the remainder was funded from Bond Proceeds.

Major Projects were High Street, Park Street, Founders Landing Development, Washington Street, and Hampton Street.

Debt Service Fund

The Debt Service Fund is used for the payments on the outstanding bonds for the Municipal Service Center, the Lakeview Arena, Founders Landing Development, Spring Street Reconstruction, Forestland Development, and 2007 Street Improvements. The Municipal Service Center has \$3,820,000 in outstanding principal remaining, the Lakeview Arena has \$125,000 in outstanding principal remaining, Founders Landing Development has \$3,500,000 in outstanding principal remaining, Spring Street Reconstruction has \$994,481 in outstanding principal remaining, Forestland Development has \$5,135,000 in outstanding principal remaining, and 2007 Street Improvements has \$5,475,000 in outstanding principal remaining. Total outstanding principal in this fund is \$19,049,481. The Municipal Service Center is funded by charges to various user City departments while the other outstanding bonds are funded by a transfer from the General Fund.

Other Governmental Activity Funds

The three funds, Environmental Protection; Criminal Justice Training; and Michigan State Housing Development Authority grant (MSHDA) round out the Governmental Activity area. Environmental Protection had no real activity other than to close out the fund. Criminal Justice Training had revenues of \$8,012 and expenditures of \$8,270 leaving a fund balance of \$15,393. MSHDA had combined revenues of \$86,027 and combined expenditures of \$10,607 leaving a combined fund balance of \$45,392.

Table 3 presents the cost of each of the six largest programs – General Government, Public Health and Safety, Public Works, Highways and Streets, Sanitation, and Recreation and Culture – as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that each program placed on the City's operation.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services
General government	\$3,395,398	\$1,819,963
Public health and safety	4,948,192	4,638,151
Public works	3,039,550	1,748,354
Highways and streets	2,324,977	621,974
Sanitation	1,238,866	(16,755)
Recreation and culture	1,261,545	349,529

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Business-type Activities – Analysis of Individual Funds:

Water and Sewer Fund

The combined Water and Sewer Fund had operating revenues of \$6,062,948, an increase of \$223,341, or 3.82%, from the previous fiscal year. This increase is due to a 3.0% per unit increase in both water and sewer commodity rates and increased usage.

Operating expenses increased \$186,398, or 3.09%, from the previous fiscal year. The increase was due to higher charges for depreciation and payment-in-lieu-of taxes.

Net Non-Operating Expenses increased \$1,408,903, or 2,484.27% due to a higher transfer-out to the Construction Fund.

Net Assets decreased \$1,501,425, or 4.78%, from the previous fiscal year.

Stormwater Fund

The Stormwater Fund had operating revenues of \$867,963, an increase of \$158,104, or 22.27%, from the previous fiscal year. This increase is due to a 30% increase in the user rate fee.

Operating expenses increased \$36,760, or 4.59%, from the previous fiscal year due to higher contractual and depreciation charges.

Net Non-Operating Expenses decreased \$15,399, or 36.99%, from the previous fiscal year due to the receipt of a grant.

Net Assets decreased \$145,289, or 2.97%, from the previous fiscal year.

Marina Fund

The Marina Fund had operating revenues of \$284,838, an increase of \$3,542, or 1.26%, from the previous fiscal year. This is due to an increase in Sales of Supplies.

Operating Expenses increased \$21,270, or 6.04%, from the previous fiscal year. This increase was due to higher Supply expenses.

Net Non-Operating Expenses decreased \$6,186, or 58.82%, from the previous fiscal year due lower bond interest expense and higher investment income.

Net Assets decreased \$65,212, or 3.36%, from the previous fiscal year.

Intermodal Transportation Fund

The Intermodal Transportation Fund had operating revenues of \$26,631, a decrease of \$8,900, or 25.04%, from the previous fiscal year. The decrease was due to the major tenant of the building moving to a new location and the building sold, therefore the fund was closed out.

Operating Expenses decreased \$38,836, or 45.16%, from the previous fiscal year. This is due to the aforementioned tenant vacating the premises.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Net Non-Operating Revenues were \$883, whereas the prior fiscal year had \$0.

Net Assets finished the year at \$0 since this fund was closed out.

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 34) reported a *combined* fund balance of \$14,220,445, an increase of \$6,159,179 from the beginning of the year. The majority of the increase was due to receiving bond proceeds for specific projects in the Construction Fund in which the projects will be completed in the near future.

General Fund Budgetary Highlights

Differences between the original and final budgets for expenditures in the General Fund resulted in a 4.7% increase in the current fiscal year as compared to a 4.1% increase in the prior fiscal year. These increases are mostly due to encumbrance and capital outlay project rollovers from the prior fiscal year. Actual General Fund expenditures were \$1,450,994 below the final amended budget amount in FY 2007. Most of this variance is due to some capital outlay projects which will be carried over to the next fiscal year.

General Fund revenue projections for FY 2007 were above the final budgeted amount by \$106,662 excluding transfers-in. While each revenue source experienced some type of variation from its budget, positive variances in Interest and Other Revenues offset the main negative variance in Charges for Services.

General Fund revenues exceeded expenditures by \$2,209,574 in FY 2007.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2007 the City had \$95,174,617 invested in a variety of capital assets including land and improvements, buildings and improvements, equipment and infrastructure. (See table 4 below)

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities 2007	Business-type Activities 2007	Totals 2007
Land and construction in progress	\$14,944,460	\$2,024,645	\$16,969,105
Land improvements	2,503,380	1,764,702	4,268,082
Buildings and improvements	8,134,276	8,914,540	17,048,816
Equipment and furnishings	3,836,098	3,068,385	6,904,483
Infrastructure	17,069,113	26,435,395	43,504,508
Investment in joint venture	3,524,660	2,954,963	6,479,623
Totals	<u>\$50,011,987</u>	<u>\$45,162,630</u>	<u>\$95,174,617</u>

Further details on capital assets can be found in Note J.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Debt

At year-end, the City had \$30,818,819 in bonds, notes and capital lease obligations outstanding as depicted in Table 5 below.

Table 5
Outstanding Debt at Year-End

	Governmental Activities 2007	Business-type Activities 2007	Totals 2007
General obligation bonds	\$19,040,148	\$-	\$19,040,148
Revenue bonds	-	7,020,000	7,020,000
Contracts and notes payable	1,239,920	3,277,019	4,516,939
Capital lease obligations	-	241,732	241,732
Totals	<u>\$20,280,068</u>	<u>\$10,538,751</u>	<u>\$30,818,819</u>

Further details on long-term debt can be found in Note F.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City's elected and appointed officials consider many factors when setting the fiscal year 2008 budget. One of those factors is the economy. The State of Michigan has suffered from an economic downturn over the past several years which has forced the State to deal with its own budgetary shortfalls. These shortfalls tend to trickle down to the local units of government by way of Revenue Sharing payments being reduced by the State. While the State has promised not to cut back any further on State Revenue Sharing payments, they are also saying that this major source of revenue to the local units is not likely to increase in the foreseeable future. We will continue to monitor the situation as this has and will continue to greatly impact the City's General Fund budget over the next several years. State Revenue Sharing represents approximately 15% of General Fund revenues.

Property Taxes are another big factor in the City's General Fund budget. Property Taxes are calculated on taxable value. Taxable value growth is capped, by State constitution, at the lower of the rate of inflation or 5%. In the year when property sells, the taxable value is then allowed to be adjusted to reflect actual increases in taxable value and then the capping process starts all over again. It is projected this capping process is costing the City approximately \$1,000,000 per year by not being able to fully realize the true increases in taxable value.

Variations in interest rates over the last several years has both benefited and harmed the City's budget. On the benefit side, the City has been able to refund some current bonds and also issue new bonds at favorable interest rates. On the harmful side, the General Fund had become accustomed to collecting a property tax equivalent of almost 2 mills from investment interest. The current property tax equivalent has dropped to below 1 mill. Recent months have seen investment interest rates beginning to nudge upward which will provide a little relief on the revenue side of things if this trend continues.

On the expenditure side, the City is dealing with sizable increases in health insurance costs for health insurance provided to its employee's. Recent years have seen increases of as high as 25% in this cost. Several strategies have been formed along with several committees in order to deal with this situation. For fiscal year 2008, much needed relief was given in this area as the City's health insurance carrier held the line on premium increases. Hopefully, though not likely, this trend will continue.

premium increases. Hopefully, though not likely, this trend will continue.

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Large fluctuations in gasoline and natural gas costs are also on the list of things to carefully monitor. The latter is extremely harmful as the City is located in a cold weather region and is a large user of natural gas for heating City facilities. This will have a large negative impact on current and future budgets as the City struggles to balance its budget and continue to provide the current level of services.

Overall, the prospect of declining major revenues and increasing expenditures in the General Fund will make for a challenging budget process. City’s management is now and will continue to be challenged to stabilize and/or increase current revenue sources and find new ones and to contain expenditures in order to provide our citizens with a balanced budget and still provide the level of services that are demanded.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Finance Office at City of Marquette, 300 West Baraga, Marquette, Michigan, 49855. Additional information about the City may also be found on the City’s website at www.mqtcty.org.

City of Marquette, Michigan

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide an overview of the City's financial position and the result of the current year's operations and cash flows.

These Basic Financial Statements indicate the classes and funds displayed in subsequent sections of the report and present comprehensive data for assets, liabilities, revenues, transfers, expenses or expenditures and cash flows of City funds.

City of Marquette, Michigan

STATEMENT OF NET ASSETS

June 30, 2007

	Primary Government			
	Governmental Activities	Business Type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 6,719,861	\$ -	\$ 6,719,861	\$ 8,284,246
Investments	3,790,590	-	3,790,590	1,736,842
Receivables (net)	13,023,751	1,298,947	14,322,698	4,630,289
Primary government internal balances	1,172,334	-	1,172,334	-
Inventory	117,442	151,917	269,359	3,267,425
Prepaid expenses and other assets	124,753	11,588	136,341	130,614
Other current assets	41,488	-	41,488	-
TOTAL CURRENT ASSETS	24,990,219	1,462,452	26,452,671	18,049,416
Non-current assets:				
Restricted assets	764,012	2,457,113	3,221,125	5,102,483
Long-term receivables	-	-	-	-
Unamortized bond issue costs	-	135,293	135,293	24,161
Investment in UPPPA	-	-	-	2,090,698
Capital assets:				
Investment in joint venture	3,524,660	2,954,966	6,479,626	-
Land and construction in progress	14,950,348	2,024,645	16,974,993	114,704
Other capital assets	71,215,142	57,370,147	128,585,289	143,089,096
Accumulated depreciation	(39,678,163)	(17,187,128)	(56,865,291)	(92,550,702)
Total Capital Assets	50,011,987	45,162,630	95,174,617	50,653,098
TOTAL NON-CURRENT ASSETS	50,775,999	47,755,036	98,531,035	57,870,440
TOTAL ASSETS	75,766,218	49,217,488	124,983,706	75,919,856
LIABILITIES:				
Current Liabilities:				
Accounts payable	1,686,227	913,053	2,599,280	1,631,285
Accrued liabilities	233,849	43,753	277,602	350,443
Primary government internal balances	-	1,172,334	1,172,334	-
Unearned revenue	8,463,534	23,971	8,487,505	1,554,448
Compensated absences	792,675	158,070	950,745	883,933
Current portion of bonds payable	1,284,546	325,000	1,609,546	668,571
Current potion of notes and contracts payable	153,017	166,289	319,306	-
Current portion of capital lease obligations	-	120,866	120,866	-
Other current liabilities	5,303	9,186	14,489	1,451,975
Current maturities on revenue bonds	-	710,000	710,000	2,790,000
Revenue bond accrued interest payable	-	-	-	101,520
TOTAL CURRENT LIABILITIES	12,619,151	3,642,522	16,261,673	9,432,175
Non-current Liabilities:				
Compensated absences	937,693	-	937,693	93,980
Bonds payable	17,755,602	5,985,000	23,740,602	6,089,750
Long-term contracts and notes payable	1,086,903	3,110,730	4,197,633	1,725,633
Capital lease obligations	-	120,866	120,866	-
Premium on refunding	-	47,832	47,832	-
Deferred amounts on refunding	-	(237,759)	(237,759)	-
Other	-	-	-	577,483
TOTAL NON-CURRENT LIABILITIES	19,780,198	9,026,669	28,806,867	8,486,846
TOTAL LIABILITIES	32,399,349	12,669,191	45,068,540	17,919,021
NET ASSETS				
Invested in capital assets net of related debt	29,731,919	31,910,645	61,642,564	42,851,792
Restricted for:				
Debt Service	-	1,938,968	1,938,968	60,705
Perpetual Care - Nonexpendable	568,371	-	568,371	-
Other activities	-	-	-	3,151,765
Unrestricted	13,066,579	2,698,684	15,765,263	11,936,573
TOTAL NET ASSETS	\$ 43,366,869	\$ 36,548,297	\$ 79,915,166	\$ 58,000,835

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2007

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Asset			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business Type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 3,395,398	\$ 1,206,989	\$ 368,446	\$ -	\$ (1,819,963)	\$ -	\$ (1,819,963)	\$ -
Public health and safety	4,948,192	202,071	84,970	23,000	(4,638,151)	-	(4,638,151)	-
Public works	3,039,550	1,205,514	-	85,682	(1,748,354)	-	(1,748,354)	-
Highway and streets	2,324,977	-	1,703,003	-	(621,974)	-	(621,974)	-
Social services	355,193	-	236,399	-	(118,794)	-	(118,794)	-
Sanitation	1,238,866	1,255,621	-	-	16,755	-	16,755	-
Recreation and culture	1,261,545	905,996	-	6,020	(349,529)	-	(349,529)	-
Interest on long-term debt	750,760	-	-	-	(750,760)	-	(750,760)	-
Depreciation - unallocated	1,916,607	-	-	-	(1,916,607)	-	(1,916,607)	-
Total Governmental Activities	19,231,088	4,776,191	2,392,818	114,702	(11,947,377)	-	(11,947,377)	-
Business Type Activities:								
Water supply and sewage disposal	6,512,473	6,025,359	-	-	-	(487,114)	(487,114)	-
Stormwater utility	891,632	867,963	25,057	-	-	1,388	1,388	-
Marina	394,386	284,838	-	-	-	(109,548)	(109,548)	-
Intermodal transportation terminal	959,368	26,631	-	-	-	(932,737)	(932,737)	-
Total Business Type Activities	8,757,859	7,204,791	25,057	-	-	(1,528,011)	(1,528,011)	-
TOTAL PRIMARY GOVERNMENT	\$ 27,988,947	\$ 11,980,982	\$ 2,417,875	\$ 114,702	(11,947,377)	(1,528,011)	(13,475,388)	-
Component Units:								
Board of Light and Power	25,207,081	23,911,978	-	210,438	-	-	-	(1,084,665)
Public Library	2,314,894	256,058	457,501	-	-	-	-	(1,601,335)
Downtown Development Authority	406,832	104,886	55,000	261,893	-	-	-	14,947
Marquette Housing Commission	1,800,511	483,587	874,608	550,980	-	-	-	108,664
TOTAL COMPONENT UNITS	\$ 29,729,318	\$ 24,756,509	\$ 1,387,109	\$ 1,023,311	-	-	-	(2,562,389)
General Revenues:								
Taxes:								
Property taxes	7,579,498	-	-	-	7,579,498	-	7,579,498	1,435,611
Payment in lieu of taxes	2,375,979	-	-	-	2,375,979	-	2,375,979	-
Unrestricted State sources	2,290,677	-	-	-	2,290,677	-	2,290,677	-
Interest and investment earnings	827,856	74,054	-	-	901,910	-	901,910	1,061,092
Miscellaneous	138,306	3,838	-	-	142,144	-	142,144	350,284
Extraordinary item	-	-	-	-	-	-	-	1,725,000
Transfers	1,551,006	(1,551,006)	-	-	-	-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS	14,763,322	(1,473,114)	-	-	13,290,208	-	13,290,208	4,571,987
CHANGE IN NET ASSETS	2,815,945	(3,001,125)	-	-	(185,180)	-	(185,180)	2,009,598
Net assets, beginning of year	40,550,924	39,549,422	-	-	80,100,346	-	80,100,346	55,991,237
NET ASSETS, END OF YEAR	\$ 43,366,869	\$ 36,548,297	\$ 79,915,166	\$ 58,000,835				

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2007

	General Fund	Major Street and Trunkline Fund	Local Street Fund	Capital Projects Fund	Forest Land Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 760,352	\$ 2,371,207	\$ -	\$ 3,814,058	\$ -	\$ 98,473	\$ 7,044,090
Investments	3,260,231	-	-	-	-	530,359	3,790,590
Taxes receivable, net	8,227,502	-	-	-	-	-	8,227,502
Special assessments receivable	239,217	-	-	-	-	-	239,217
Accounts receivable, net	194,149	-	-	344,525	35,000	63,008	636,682
Due from other authorities	3,396,303	-	-	-	-	-	3,396,303
Due from component units	117,442	-	-	-	-	-	117,442
Due from other funds	157,493	-	-	1,693,175	298,078	84,737	2,233,483
Due from other governments	299,489	166,293	55,785	-	-	-	521,567
Inventory	93,630	-	-	-	-	-	93,630
Prepaid expenditures	38,176	-	-	-	-	692	38,868
TOTAL ASSETS	\$ 16,783,984	\$ 2,537,500	\$ 55,785	\$ 5,851,758	\$ 333,078	\$ 777,269	\$ 26,339,374
LIABILITIES AND FUND BALANCE							
LIABILITIES:							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 203,382	\$ 89,201	292,583
Accounts payable	206,423	4,194	5,439	1,379,729	-	15,793	1,611,578
Accrued compensated absences	687,782	-	-	-	-	-	687,782
Due to other funds	845,704	162,099	50,346	-	-	-	1,058,149
Due to State	108	-	-	-	-	-	108
Due to other local units	5,195	-	-	-	-	-	5,195
Deferred revenue	8,463,534	-	-	-	-	-	8,463,534
TOTAL LIABILITIES	10,208,746	166,293	55,785	1,379,729	203,382	104,994	12,118,929
FUND BALANCE:							
Reserved for:							
Capital outlay	-	-	-	-	-	40,036	40,036
Encumbrances	231,113	-	-	-	-	-	231,113
Debt Service	-	-	-	-	129,696	-	129,696
Other prepaids and inventories	131,806	-	-	-	-	568,371	700,177
Unreserved, reported in:							
General Fund	6,212,319	-	-	-	-	-	6,212,319
Special Revenue Funds	-	2,371,207	-	-	-	63,868	2,435,075
Capital Projects Funds	-	-	-	4,472,029	-	-	4,472,029
TOTAL FUND BALANCE	6,575,238	2,371,207	-	4,472,029	129,696	672,275	14,220,445
TOTAL LIABILITIES AND FUND BALANCE	\$ 16,783,984	\$ 2,537,500	\$ 55,785	\$ 5,851,758	\$ 333,078	\$ 777,269	\$ 26,339,374

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

June 30, 2007

Total Fund Balances for Governmental Funds **\$ 14,220,445**

*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (includes capital assets of internal service funds). 50,011,987

Internal service funds are used by management to charge the costs of certain activities, such as the purchase and maintenance of equipment and vehicles and the operation of the Municipal Service Center, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets, net of capital assets.

Current assets	\$ 36,224	
Restricted assets	764,012	
Current liabilities	<u>(214,189)</u>	
		586,047

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Current portion of bonds payable	\$ 1,284,546	
Current portion of notes and contracts payable	153,017	
Accrued interest on bonds	233,849	
Compensated absences	937,693	
Bonds payable	17,755,602	
Long-term contracts and notes payable	<u>1,086,903</u>	
		(21,451,610)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 43,366,869</u>
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The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2007

	General Fund	Major Street and Trunkline Fund	Local Street Fund	Capital Projects Fund	Forest Land Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes and penalties	\$ 7,579,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,579,498
State sources	2,589,912	1,212,118	490,885	-	-	64,934	4,357,849
Federal sources	69,627	-	-	41,503	-	-	111,130
Charges for services	3,483,229	-	-	-	-	26,098	3,509,327
Sales	28,128	-	-	-	-	149,835	177,963
Use and admission fees	231,010	-	-	-	-	449,382	680,392
Rentals	56,949	-	-	-	-	101,577	158,526
Licenses and permits	33,574	-	-	-	-	-	33,574
Fines and forfeiture	99,652	-	-	-	-	-	99,652
Reimbursements	49,910	-	-	-	-	-	49,910
Investment income	614,404	-	-	213,183	-	11,278	838,865
Payment in lieu of taxes	2,375,979	-	-	-	-	-	2,375,979
Private contribution	124,718	-	-	-	-	-	124,718
Intergovernmental revenue	162,210	-	-	-	-	-	162,210
Special assessments	44,179	-	-	-	-	-	44,179
Other	161,442	-	-	-	-	30,813	192,255
TOTAL REVENUES	17,704,421	1,212,118	490,885	254,686	-	833,917	20,496,027
EXPENDITURES:							
Current operations:							
General government	3,148,815	-	-	-	-	139	3,148,954
Public health and safety	4,951,604	-	-	-	-	57,339	5,008,943
Public works	3,035,467	-	-	-	-	-	3,035,467
Highway and streets	-	1,238,262	1,027,136	-	-	-	2,265,398
Social services	279,773	-	-	-	-	75,420	355,193
Sanitation	1,230,891	-	-	-	-	-	1,230,891
Recreation and culture	530,632	-	-	-	-	794,913	1,325,545
Capital outlay	-	354,266	13,600	3,392,720	-	-	3,760,586
Debt service							
Professional and contractual	-	-	-	43,463	255,333	-	298,796
Principal retirement	84,915	306,986	33,014	-	-	527,873	952,788
Interest and fiscal charges	18,574	38,018	4,088	-	214,608	353,705	628,993
TOTAL EXPENDITURES	13,280,671	1,937,532	1,077,838	3,436,183	469,941	1,809,389	22,011,554
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,423,750	(725,414)	(586,953)	(3,181,497)	(469,941)	(975,472)	(1,515,527)
OTHER FINANCING SOURCES (USES):							
Bond issuance	-	-	-	5,684,061	5,135,000	-	10,819,061
Premium on bond issuance	-	-	-	-	3,792	-	3,792
Extinguishment of debt	-	-	-	-	(5,082,566)	-	(5,082,566)
Transfers in	450,319	757,456	681,269	1,693,174	479,383	1,020,849	5,082,450
Transfers (out)	(2,664,495)	(146,862)	(243,700)	(81,965)	-	(11,009)	(3,148,031)
TOTAL OTHER FINANCING SOURCES (USES)	(2,214,176)	610,594	437,569	7,295,270	535,609	1,009,840	7,674,706
CHANGE IN FUND BALANCE	2,209,574	(114,820)	(149,384)	4,113,773	65,668	34,368	6,159,179
Fund balance, beginning of year	4,365,664	2,486,027	149,384	358,256	64,028	637,907	8,061,266
FUND BALANCE, END OF YEAR	\$ 6,575,238	\$ 2,371,207	\$ -	\$ 4,472,029	\$ 129,696	\$ 672,275	\$ 14,220,445

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds **\$ 6,159,179**

*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. Includes Internal Service Funds depreciation expense of \$776,415.

Capital outlays	\$ 3,930,376	
Depreciation expense	(2,693,710)	
Net book value of disposed assets	<u>(38,459)</u>	1,198,207

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 952,788

Proceeds from debt issues are an other financing source in the fund, but a debt issue increases long-term liabilities in the statement of net assets. (10,819,061)

Defeasance of debt issues are an other financing use in the funds, but a defeasance decreases long-term liabilities in the statement of net assets. 5,000,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (42,994)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 39,396

Internal service funds are used by management to charge costs of certain activities, such as the purchase and maintenance of equipment and vehicles and the operation of the Municipal Service Center, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities net of depreciation expense.

Change in net assets	(447,985)	
Depreciation expense	<u>776,415</u>	328,430

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 2,815,945**

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 7,663,076	\$ 7,633,276	\$ 7,579,498	\$ (53,778)
Federal grants	160,000	95,000	69,627	(25,373)
State grants and shared revenues	2,297,656	2,601,456	2,589,912	(11,544)
Intergovernmental revenues	154,153	155,153	162,210	7,057
Licenses and permits	37,012	31,100	33,574	2,474
Charges for services	4,144,506	3,996,105	3,483,229	(512,876)
Fines and forfeits	92,750	92,500	99,652	7,152
Interest and rentals	279,488	193,320	671,353	478,033
Other revenues	2,533,127	2,810,858	3,015,366	204,508
TOTAL REVENUES	<u>17,361,768</u>	<u>17,608,768</u>	<u>17,704,421</u>	<u>95,653</u>
EXPENDITURES:				
General government	3,070,940	3,687,239	3,148,815	538,424
Public health and safety	5,144,677	4,992,698	4,951,604	41,094
Public works	3,321,756	3,388,647	3,035,467	353,180
Sanitation	1,557,600	1,614,367	1,230,891	383,476
Social services	351,714	353,814	279,773	74,041
Recreation and culture	522,490	597,395	530,632	66,763
Debt service	103,500	103,500	103,489	11
TOTAL EXPENDITURES	<u>14,072,677</u>	<u>14,737,660</u>	<u>13,280,671</u>	<u>1,456,989</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,289,091</u>	<u>2,871,108</u>	<u>4,423,750</u>	<u>1,552,642</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	20,000	450,319	430,319
Transfers (out)	(3,289,091)	(3,219,591)	(2,664,495)	555,096
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,289,091)</u>	<u>(3,199,591)</u>	<u>(2,214,176)</u>	<u>985,415</u>
CHANGE IN FUND BALANCE	-	(328,483)	2,209,574	2,538,057
Fund balance, beginning of year	4,365,664	4,365,664	4,365,664	-
FUND BALANCE, END OF YEAR	<u><u>\$ 4,365,664</u></u>	<u><u>\$ 4,037,181</u></u>	<u><u>\$ 6,575,238</u></u>	<u><u>\$ 2,538,057</u></u>

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

MAJOR SPECIAL REVENUE FUNDS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2007

	MAJOR STREET AND TRUNKLINE FUND				LOCAL STREET FUND			
	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES:								
Federal and State sources	\$ 3,761,577	\$ 1,275,550	\$ 1,212,118	\$ (63,432)	\$ 704,384	\$ 555,000	\$ 490,885	\$ (64,115)
TOTAL REVENUES	3,761,577	1,275,550	1,212,118	(63,432)	704,384	555,000	490,885	(64,115)
EXPENDITURES:								
Highways, Streets and Bridges	1,560,480	1,970,097	1,592,528	377,569	1,189,544	1,202,573	1,040,736	161,837
Debt Service	345,020	345,020	345,004	16	37,120	37,120	37,102	18
TOTAL EXPENDITURES	1,905,500	2,315,117	1,937,532	377,585	1,226,664	1,239,693	1,077,838	161,855
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,856,077	(1,039,567)	(725,414)	314,153	(522,280)	(684,693)	(586,953)	97,740
OTHER FINANCING SOURCES (USES) :								
Transfers in	757,873	757,873	757,456	(417)	1,250,428	1,399,812	681,269	(718,543)
Transfers (out)	(2,613,950)	(2,613,950)	(146,862)	2,467,088	(728,148)	(728,148)	(243,700)	484,448
TOTAL OTHER FINANCING SOURCES	(1,856,077)	(1,856,077)	610,594	2,466,671	522,280	671,664	437,569	(234,095)
CHANGE IN FUND BALANCE	-	(2,895,644)	(114,820)	2,780,824	-	(13,029)	(149,384)	(136,355)
Fund balance, beginning of year	2,486,027	2,486,027	2,486,027	-	149,384	149,384	149,384	-
FUND BALANCE, END OF YEAR	\$ 2,486,027	\$ (409,617)	\$ 2,371,207	\$ 2,780,824	\$ 149,384	\$ 136,355	\$ -	\$ (136,355)

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

June 30, 2007

	Business- Type Activities Enterprise Funds				Governmental Activities
	Water Supply and Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds	Total	Internal Service Funds
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -
Special assessments receivable	23,971	-	-	23,971	-
Accounts receivable, net	1,202,690	71,205	1,081	1,274,976	942
Due from local units	-	-	-	-	1,538
Inventory	134,956	-	16,961	151,917	31,123
Prepaid expenses	4,206	179	319	4,704	2,621
Delinquent utility bills on taxes	6,884	-	-	6,884	-
Unamortized bond issuance costs	97,618	31,510	6,165	135,293	-
TOTAL CURRENT ASSETS	1,570,325	102,894	24,526	1,697,745	36,224
Non-current Assets:					
Restricted Assets:					
Bond reserve fund	50,065	259,675	50,159	359,899	-
Replacement and maintenance fund	390,000	-	-	390,000	659,119
Bond and interest redemption fund	35,888	-	309,916	345,804	-
Water filtration reserve	1,114,774	-	-	1,114,774	-
Bond escrow fund	49,918	38,648	-	88,566	-
Vacation, sick leave and benefit reserve	151,559	6,511	-	158,070	104,893
Total Restricted Assets	1,792,204	304,834	360,075	2,457,113	764,012
Land and land improvements	-	-	-	-	251,454
Property, plant, and equipment	46,774,100	6,821,450	3,774,597	57,370,147	15,677,197
Accumulated depreciation	(14,107,570)	(1,505,180)	(1,574,378)	(17,187,128)	(9,187,632)
Construction in progress	1,970,614	54,031	-	2,024,645	-
Other non-current assets	2,954,966	-	-	2,954,966	-
TOTAL NON-CURRENT ASSETS	39,384,314	5,675,135	2,560,294	47,619,743	7,505,031
TOTAL ASSETS	40,954,639	5,778,029	2,584,820	49,317,488	7,541,255
LIABILITIES					
Current Liabilities:					
Cash overdraft	464,288	53,249	35,217	552,754	\$ 31,648
Accounts payable	197,647	1,523	11,129	210,299	74,648
Accrued compensated absences	151,559	6,511	-	158,070	104,893
Due to other funds	1,129,938	150,140	142,256	1,422,334	3,000
Customer deposits payable	(75)	-	9,261	9,186	-
Accrued interest payable	35,267	5,386	3,100	43,753	-
Current portion of long-term debt	287,155	255,000	70,000	612,155	-
Deferred revenue	23,971	-	-	23,971	-
Current liabilities payable from restricted assets	710,000	-	-	710,000	-
TOTAL CURRENT LIABILITIES	2,999,750	471,809	270,963	3,742,522	214,189
Non-current Liabilities:					
Bonds payable	4,960,000	565,000	460,000	5,985,000	-
Notes payable	70,730	-	-	70,730	-
Loan payable	3,040,000	-	-	3,040,000	-
Capital lease obligations	120,866	-	-	120,866	-
Premium on refunding	47,832	-	-	47,832	-
Deferred amounts on refunding	(214,306)	-	(23,453)	(237,759)	-
TOTAL NON-CURRENT LIABILITIES	8,025,122	565,000	436,547	9,026,669	-
TOTAL LIABILITIES	11,024,872	1,036,809	707,510	12,769,191	214,189
NET ASSETS					
Invested in capital assets net of related debt	25,690,125	4,550,301	1,670,219	31,910,645	6,741,019
Net Assets:					
Restricted for debt service	1,640,645	298,323	-	1,938,968	-
Unrestricted	2,598,997	(107,404)	207,091	2,698,684	586,047
TOTAL NET ASSETS	\$ 29,929,767	\$ 4,741,220	\$ 1,877,310	\$ 36,548,297	\$ 7,327,066

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2007

	Business- Type Activities Enterprise Funds				Governmental Activities
	Water Supply and Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES:					
Water sales	\$ 3,502,418	\$ -	\$ -	\$ 3,502,418	\$ -
Sewage disposal	2,443,732	-	-	2,443,732	-
Charges for services	-	867,963	27,305	895,268	2,680,276
Other operating revenue	116,798	-	284,164	400,962	45,011
TOTAL OPERATING REVENUES	6,062,948	867,963	311,469	7,242,380	2,725,287
OPERATING EXPENSES:					
General and administrative	966,029	-	262,140	1,228,169	985,679
Water treatment and distribution	1,396,103	-	-	1,396,103	-
Sanitary sewer operation and booster stations	1,914,118	-	-	1,914,118	-
Stormwater	-	566,128	-	566,128	-
Payments in lieu of taxes	853,413	-	-	853,413	-
Depreciation	1,082,520	272,254	158,163	1,512,937	776,415
Vehicle operating expenses	-	-	-	-	1,110,356
TOTAL OPERATING EXPENSES	6,212,183	838,382	420,303	7,470,868	2,872,450
OPERATING INCOME (LOSS)	(149,235)	29,581	(108,834)	(228,488)	(147,163)
NON-OPERATING REVENUES (EXPENSES):					
Investment income	54,289	1,963	17,802	74,054	46,547
Other financing sources	3,838	-	-	3,838	-
Interest expense	(300,290)	(53,250)	(21,250)	(374,790)	-
Sale of capital assets	-	-	415,642	415,642	36,044
State and Federal grants	-	25,057	-	25,057	-
Loss on sale of capital assets	-	-	(1,327,843)	(1,327,843)	-
Operating income from Marquette Area Wastewater Treatment Facility	(37,589)	-	-	(37,589)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(279,752)	(26,230)	(915,649)	(1,221,631)	82,591
INCOME (LOSS) BEFORE TRANSFERS	(428,987)	3,351	(1,024,483)	(1,450,119)	(64,572)
Transfers (out)	(1,072,438)	(148,640)	(329,928)	(1,551,006)	(383,413)
CHANGE IN NET ASSETS	(1,501,425)	(145,289)	(1,354,411)	(3,001,125)	(447,985)
Net assets, beginning of year	31,431,192	4,886,509	3,231,721	39,549,422	7,775,051
NET ASSETS, END OF YEAR	\$ 29,929,767	\$ 4,741,220	\$ 1,877,310	\$ 36,548,297	\$ 7,327,066

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2007

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water Supply and Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from fees and charges for services	\$ 5,544,868	\$ 829,489	\$ 309,973	\$ 6,684,330	\$ 2,697,803
Other operating revenues	114,501	-	1,475	115,976	45,011
Cash payments to employees for services	(1,312,310)	(226,058)	(63,907)	(1,602,275)	(557,624)
Cash payments to suppliers for goods and services	(3,995,238)	(328,868)	(194,692)	(4,518,798)	(1,512,776)
NET CASH PROVIDED BY OPERATING ACTIVITIES	351,821	274,563	52,849	679,233	672,414
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Transfers in (out)	(1,110,027)	(148,640)	(329,928)	(1,588,595)	(383,413)
(Decrease) in due to local units	-	-	(111,083)	(111,083)	(853)
Other financing sources	3,838	-	-	3,838	-
State and Federal grants	-	25,057	-	25,057	-
(Increase) in due from other funds	-	-	165,652	165,652	-
Increase in due to other funds	1,129,938	150,140	(26,417)	1,253,661	3,000
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	23,749	26,557	(301,776)	(251,470)	(381,266)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash payments for capital assets	(2,683,944)	(57,868)	-	(2,741,812)	(466,643)
Interest paid on bonds	(259,981)	(53,250)	(17,900)	(331,131)	-
Principal payments on bonds and other long-term debt	(926,124)	(245,000)	(70,000)	(1,241,124)	-
Payments received on notes receivable	-	-	-	-	6,039
Net proceeds from issuance of bonds	1,440,000	-	-	1,440,000	-
Net proceeds from sale of capital assets	-	-	300,300	300,300	36,044
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,430,049)	(356,118)	212,400	(2,573,767)	(424,560)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	54,289	1,963	17,801	74,053	46,547
(Increase) decrease in restricted assets:					
Bond reserve fund	700	94	-	794	-
Bond interest redemption fund	(1,684)	-	-	(1,684)	-
Equipment reserve fund	-	-	-	-	(42,682)
Water filtration revenue	27	-	-	27	-
Bond escrow fund	13,114	15	-	13,129	-
Vacation and sick leave reserve	(16,824)	(323)	-	(17,147)	(13,420)
Marina bonds	-	-	(16,891)	(16,891)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	49,622	1,749	910	52,281	(9,555)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,004,857)	(53,249)	(35,617)	(2,093,723)	(142,967)
Cash and cash equivalents, beginning of year	1,640,569	-	400	1,640,969	111,319
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ (364,288)	\$ (53,249)	\$ (35,217)	\$ (452,754)	\$ (31,648)
Non-cash Investing, Capital and Financing Activities:					
Net depreciation in fair value of investments	\$ (2,757)	\$ (1,282)	\$ -	\$ (4,039)	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (149,235)	\$ 29,581	\$ (108,834)	\$ (228,488)	\$ (147,163)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,082,520	272,254	158,163	1,512,937	776,415
Amortization	9,083	10,503	881	20,467	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivable, net	(396,695)	(38,474)	(21)	(435,190)	17,527
Decrease in special assessments receivable	3,112	-	-	3,112	-
(Increase) decrease in inventory	(1,652)	-	8,859	7,207	(571)
Decrease in customer deposits	-	-	-	-	-
(Increase) in delinquent utility bills on taxes	(6,884)	-	-	(6,884)	-
Decrease (increase) in prepaid expenses	394	20	17	431	2,492
Increase in customer deposits payable	-	-	530	530	-
Increase (decrease) in accounts payable	(202,534)	356	(6,746)	(208,924)	10,294
Increase (decrease) in accrued sick and vacation	16,824	323	-	17,147	13,420
(Decrease) in deferred revenue	(3,112)	-	-	(3,112)	-
NET ADJUSTMENTS	501,056	244,982	161,683	907,721	819,577
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 351,821	\$ 274,563	\$ 52,849	\$ 679,233	\$ 672,414

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2007

	Private- Purpose Trust Funds	Pension Trust Funds	Agency Funds
ASSETS			
Cash and equivalents	\$ 592,861	\$ 2,027,201	\$ 1,576,229
Investments:			
United States Government Securities	-	5,698,322	-
Domestic Corporation Bonds	-	2,540,674	-
Common, Pooled Fund	-	17,435,867	-
Government National Mortgage Association	-	1,056	-
Taxes receivable	-	-	23
Accrued interest receivable	-	113,639	37,592
Due from other governments	-	-	1,912
Due from other funds	-	-	250,000
TOTAL ASSETS	<u>592,861</u>	<u>27,816,759</u>	<u>\$ 1,865,756</u>
LIABILITIES			
Accounts payable	3,375	-	\$ -
Contract retainage payable	-	-	267,840
Accrued wages and related liabilities	-	-	1,192,780
Due to other governments	-	-	8,146
Due to State	-	-	8,143
Due to local units	-	-	384,805
Other liabilities	-	-	4,042
TOTAL LIABILITIES	<u>3,375</u>	<u>-</u>	<u>\$ 1,865,756</u>
NET ASSETS			
Held in trust for pension benefits	-	27,816,759	
Held in trust for individuals, organizations, and other governments	<u>589,486</u>	<u>-</u>	
TOTAL NET ASSETS	<u>\$ 589,486</u>	<u>\$ 27,816,759</u>	

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Fiscal Year Ended June 30, 2007

	Private- Purpose Trust Funds	Pension Trust Funds
ADDITIONS:		
Contributions:		
Employer	\$ -	\$ 470,128
Employee	-	153,710
Gifts, bequests and endowments	<u>162,054</u>	<u>-</u>
Total Contributions	<u>162,054</u>	<u>623,838</u>
Investment Income:		
Net appreciation in fair value of investments	-	2,482,369
Interest and dividends	-	817,543
Investment expense	<u>-</u>	<u>(216,406)</u>
Net Investment Income (Loss)	<u>-</u>	<u>3,083,506</u>
TOTAL ADDITIONS (DEDUCTIONS)	<u>162,054</u>	<u>3,707,344</u>
DEDUCTIONS:		
Benefits and annuity withdrawals	-	1,405,353
Administrative expenses	-	11,452
Payments in accordance with trust agreements	<u>66,950</u>	<u>-</u>
TOTAL DEDUCTIONS	<u>66,950</u>	<u>1,416,805</u>
CHANGE IN NET ASSETS	95,104	2,290,539
Net assets, beginning of year	<u>494,382</u>	<u>25,526,220</u>
NET ASSETS, END OF YEAR	<u><u>\$ 589,486</u></u>	<u><u>\$ 27,816,759</u></u>

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

COMPONENT UNITS

COMBINING STATEMENT OF NET ASSETS

June 30, 2007

	Board of Light and Power	Peter White Public Library	Non-major Component Units	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 6,914,362	\$ 43,920	\$ 1,325,964	\$ 8,284,246
Investments	-	1,256,851	479,991	1,736,842
Receivables, net	3,010,340	1,114,777	505,172	4,630,289
Inventory	3,256,163	-	11,262	3,267,425
Prepaid expenses and other assets	97,224	-	33,390	130,614
TOTAL CURRENT ASSETS	13,278,089	2,415,548	2,355,779	18,049,416
Non-current Assets:				
Restricted Assets	5,102,483	-	-	5,102,483
Unamortized bond issuance costs	24,161	-	-	24,161
Investment in UPPPA	2,090,698	-	-	2,090,698
Capital assets:				
Land	-	114,704	-	114,704
Other capital assets	117,733,051	11,080,564	14,275,481	143,089,096
Accumulated depreciation	(79,375,376)	(5,162,534)	(8,012,792)	(92,550,702)
Total Capital Assets	38,357,675	6,032,734	6,262,689	50,653,098
TOTAL NON-CURRENT ASSETS	45,575,017	6,032,734	6,262,689	57,870,440
TOTAL ASSETS	58,853,106	8,448,282	8,618,468	75,919,856
LIABILITIES				
Current Liabilities:				
Accounts payable	1,152,550	16,651	462,084	1,631,285
Accrued liabilities	125,799	-	224,644	350,443
Unearned revenue	-	1,112,370	442,078	1,554,448
Compensated absences	883,933	-	-	883,933
Customer deposits payable	1,411,975	-	-	1,411,975
Current portion of bonds payable	-	490,000	178,571	668,571
Other current liabilities	40,000	-	-	40,000
Current Liabilities (payable from restricted assets):				
Current maturities on revenue bonds	2,790,000	-	-	2,790,000
Revenue bond accrued interest payable	101,520	-	-	101,520
Total Current Liabilities (payable from restricted assets)	2,891,520	-	-	2,891,520
TOTAL CURRENT LIABILITIES	6,505,777	1,619,021	1,307,377	9,432,175
Non-current Liabilities:				
Compensated absences	-	93,980	-	93,980
Bonds payable	2,679,750	2,910,000	500,000	6,089,750
Notes payable	739,820	-	985,813	1,725,633
Other	547,441	-	30,042	577,483
TOTAL NON-CURRENT LIABILITIES	3,967,011	3,003,980	1,515,855	8,486,846
TOTAL LIABILITIES	10,472,788	4,623,001	2,823,232	17,919,021
NET ASSETS				
Invested in capital assets net of related debt	35,677,925	2,632,734	4,541,133	42,851,792
Restricted:	-			
Debt Service	-	60,705	-	60,705
Other activities	2,210,963	852,421	88,381	3,151,765
Unrestricted	10,491,430	279,421	1,165,722	11,936,573
TOTAL NET ASSETS	\$ 48,380,318	\$ 3,825,281	\$ 5,795,236	\$ 58,000,835

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

COMPONENT UNITS

COMBINING STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2007

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Board of Power and Light	Peter White Public Library	Non-major Component Units	Total
Board of Light and Power Operations	\$ 25,207,081	\$ 23,911,978	\$ -	\$ 210,438	\$ (1,084,665)	\$ -	\$ -	(1,084,665)
Peter White Public Library Recreation and culture	2,314,894	256,058	457,501	-	-	(1,601,335)	-	(1,601,335)
Non-major Component Units Operations	2,207,343	588,473	929,608	812,873	-	-	123,611	123,611
TOTAL COMPONENT UNITS	\$ 29,729,318	\$ 24,756,509	\$ 1,387,109	\$ 1,023,311	(1,084,665)	(1,601,335)	123,611	(2,562,389)
General Revenues:								
Property taxes					-	1,052,105	383,506	1,435,611
Interest and investment earnings					848,866	167,938	44,288	1,061,092
Miscellaneous					30,599	172,564	147,121	350,284
Extraordinary item					1,725,000	-	-	1,725,000
TOTAL GENERAL REVENUES					2,604,465	1,392,607	574,915	4,571,987
CHANGE IN NET ASSETS					1,519,800	(208,728)	698,526	2,009,598
Net assets, beginning of year					46,860,518	4,034,009	5,096,710	55,991,237
NET ASSETS, END OF YEAR					\$ 48,380,318	\$ 3,825,281	\$ 5,795,236	\$ 58,000,835

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Marquette, Michigan was incorporated February 27, 1871, under the provision of Act 279, PS 1909, as amended (Home Rule City Act). The City operates under a Commissioner – Manager form of government and the services provided to the citizens include: legislative, executive, elections, general services, public safety and fire protection, inspection, public works, sanitation, parking systems, social services, parks and recreation, cultural, conservation of natural resources, planning and other functions. In addition, the City operates four enterprise funds and two internal service funds, which provide water and sewer services, marina services, stormwater management, transportation acquisition and maintenance, transportation rental and building rental.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the City are described below.

(1) REPORTING ENTITY

The City's financial statements present the City (the primary government) and its component units. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. In accordance with GASB Statement #14, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended component units, although legally separate entities, are, in substance, part of the government's operations, therefore data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each blended and discretely presented component unit has a June 30 year-end.

Fire and Police Retirement System – The City of Marquette is the administrator of a single-employer public employee retirement system established and administered by the City to provide

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

pension benefits for the Fire and Police Department employees. The Fire and Police Retirement System is considered part of the City of Marquette financial reporting entity and is included in the City's financial report as a pension trust fund.

BLENDED COMPONENT UNITS

City of Marquette Building Authority – The City of Marquette Building Authority's governing body consists of the City Manager, Finance Director and City Attorney which are appointed by the governing board of the reporting entity. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings. The reporting entity has guaranteed the debt issues of the Authority.

DISCRETELY PRESENTED COMPONENT UNITS

Proprietary Fund Type

City of Marquette Board of Light and Power – The Board of Light and Power's operating results are held accountable to the government's governing body. The rates for user charges and debt issuance authorizations are approved by the government's governing body. The reporting entity has the responsibility to fund deficits and operating deficiencies. Prior to 1993-94, this entity had been blended with and included in the City's reporting entity as an enterprise fund.

A complete financial statement of the component unit can be obtained directly from the administrative office.

City of Marquette Board of Light and Power
2200 Wright Street
Marquette, MI 49855

Marquette Housing Commission – The Marquette Housing Commission was created to provide low-income housing for the City residents. The Marquette Housing Commission's governing board is appointed by the City Mayor with the confirmation of the commission; however, the City does not provide any financial assistance to the Housing Commission. The State of Michigan's Department of Treasury, Local Audit Division, requires and has concluded that the Housing Commission is to be presented as a discretely presented component unit.

A complete financial statement of the component unit can be obtained directly from the administrative office.

Marquette Housing Commission
316 Pine Street
Marquette, MI 49855

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):
Governmental Fund Type

City of Marquette Downtown Development Authority – The Downtown Development Authority’s governing board is appointed by the City’s Mayor with the confirmation of the Commission and includes the City Manager of the reporting entity. The reporting entity has the responsibility to fund deficits and operating deficiencies, as well as a guarantee for any debt the Authority issues.

Separate financial statements for the City of Marquette Downtown Development Authority are not developed; however, information can be obtained from the City’s Finance Department upon request, located at 300 West Baraga Avenue, Marquette, Michigan 49855.

Peter White Public Library – The Peter White Public Library’s governing body is appointed by the City’s Mayor with the confirmation of the Commission. The reporting entity has the responsibility to fund deficits and operating deficiencies.

Separately issued financial statements of the Peter White Public Library component unit can be obtained from the City’s Finance Department located at 300 West Baraga Avenue, Marquette, Michigan 49855.

GASB Statement #14 requires reasonable separation between the Primary Government (including its blended component units) and its discretely presented component units, both in the financial statements and in the related notes and required supplementary information. Because the discretely presented component units, although legally separate, have been and are operated as if each is part of the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable.

JOINT VENTURES

As defined in GASB Statement #14, a joint venture is a legal entity or other organization that results from a contractual arrangement (or interlocal agreement) and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The City participates in the following joint ventures:

Marquette Area Wastewater Treatment Facility – The Marquette Area Wastewater Treatment Facility’s governing board includes joint representation as appointed by the participating governments’ governing bodies. As enumerated in Footnote D, the facility is being accounted for as an equity investment within the reporting entity.

Marquette County Solid Waste Management Authority – The Marquette County Solid Waste Management Authority’s governing board includes joint representation as appointed by the participating governments’ governing bodies. The reporting entity’s representation consists of two of seven members and does not constitute enough representation to exert significant influence over the Authority’s operations. The Authority selects the management staff, sets user charges and budgets, and controls all aspects of its operations and developments. The reporting entity provided its

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

proportionate share of the initial funding and has guaranteed its proportional share of the Authority's outstanding debt.

(2)BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public health and safety, public works, highways and streets, sanitation, social services, recreation and culture, and general government services are classified as governmental activities. The City's water, sewer, stormwater, transportation center, and marina services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

The City allocates indirect costs through an administrative service fee that is charged by the General Fund to the other operating funds to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology, etc.)

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonable equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS:

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the City:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General Fund – The General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

Component Units – Component units are used to account for the discretely presented component units which follow governmental fund accounting guidelines.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds – Internal Service Funds are used to finance, administer and account for the financing of equipment and building purchases and maintenance services provided by one

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

department or agency to other departments or agencies of the governmental unit or to other governmental units on a cost reimbursement basis.

Component Units – Component units are used to account for the discretely presented component units which follow proprietary fund accounting guidelines.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Major Street and Trunkline Fund** accounts for the receipt of allocated state shared gas and weight taxes. The expenditure of these funds is restricted to Federal and State trunklines and certain "mile" roads designated as major under contractual agreement with the State of Michigan.

The **Local Street Fund** accounts for the allocated state shared gas and weight taxes for remaining City roads.

The **Capital Projects Fund** accounts for the development, improvement and rehabilitation of City infrastructure.

The **Forest Land Fund** accounts for the annual debt payments on the Forest Land property purchase.

The City reports the following major proprietary funds:

The **Water Supply and Sewage Disposal Fund** accounts for the activities related to water treatment and distribution, sanitary sewer operation and booster stations, and billing for services.

The **Stormwater Utility Fund** accounts for the management of stormwater related activities including billing, maintenance and construction.

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public works, etc.)

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements. The Special Activities Private-Purpose Trust Fund is used to account for the contributions from private sources restricted for special projects. The Fire-Police Retirement System Fund is used to account for the accumulation of resources to be used for the retirement annuity payments at appropriate amounts and times in the future. The Agency Fund is used to record the collection and payment of property taxes billed and collected by the City on behalf of the County, the School Districts, and the Intermediate School District.

(4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting.

Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All enterprise funds, private-purpose trust funds, and pension trust funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled electric, water, and sewer services are accrued as revenue in the Component Unit and Water Supply and Sewage Disposal

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Funds based upon estimated consumption at year-end.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. “Available” means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. Sales taxes collected and held by the State at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

(5) FINANCIAL STATEMENT AMOUNTS

Budgets and Budgetary Accounting – The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On the third Monday in April, the City Manager submits to the City Commission a proposed operating budget for the ensuing fiscal year commencing July 1 in accordance with Section 8.2 of the City Charter. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to its adoption, a public hearing is conducted at City Hall to obtain taxpayer comments.
3. No later than the third Monday in May, the budget is adopted by the City Commission in accordance with the provisions of Section 8.6 of the City Charter.
4. The City Commission adopts the budget by functional categories as presented in the basic financial statements. Any transfers of appropriation between functions must be approved by the City Commission. All unexpended appropriations lapse at fiscal year-end.
5. Formal budgetary integration is employed as a management control device for the General Fund, all Special Revenue Funds, Debt Service Funds and Capital Project Funds. Informational budget summaries only are adopted for the Enterprise and Internal Service Funds. Such funds are not covered under the State of Michigan’s Public Act 621 nor the City’s General Appropriations Act.
6. The City Commission has the authority to amend the budget when it becomes apparent that deviations in the original budget will occur and the amount of the deviation can be determined. Once originally adopted, the budget was formally amended two times during the fiscal year.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

7. The legally adopted budgets for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds and the informational summaries for the Enterprise and Internal Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Cash Equivalents – For the purposes of balance sheet classification and the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Restricted assets which contain cash equivalents are included in analyzing the effect on cash and cash equivalents in the Statement of Cash Flows.

Inventory – Inventory is valued at cost using both the first-in, first-out (FIFO) method and the average cost method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. The cost of construction in progress includes interest costs incurred during the construction period. The amount of capitalized interest is determined using the weighted average amount of accumulated expenditures multiplied by the interest rate for the obligation incurred specifically to finance the construction of the asset.

Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	20 years
Building, structures and improvements	50 years
Equipment	5-35 years
Water and Sewage System	25-75 years
Electric System – Component Unit	5-80 years
Stormwater System	25 years
Infrastructure	20-50 years

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The cost of normal maintenance and repairs is charged to operations as incurred. Renewals and betterments are capitalized and depreciated over the remaining useful lives of the related properties.

A portion of the depreciation provision for the electric component unit is being charged to the cost of fuel for those vehicles which groom and work the coal pile.

Long-Term Liabilities – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

Property Taxes – Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied no later than the third Monday in May and payable on July 1. Taxes receivable are recorded when levied, as the legal right to receive exists. However, such revenues are not normally received until after the 60 day period following the fiscal year-end. Accordingly, deferred revenue is being recognized for such amounts.

The City bills and collects its own property taxes and also the taxes for the local school district, the Intermediate School District, and the County. Collections of local school taxes, Intermediate School District taxes, and County taxes, and their remittance are accounted for in the Agency Fund.

Worker's Compensation – The City's policy is to pay worker's compensation premiums as incurred. Any additional premiums or refunds resulting from experience adjustments are recorded in the year made or received, respectively.

Comparative Data – Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Compensated Absences – The City accrues accumulated unpaid vacation, sick leave, and benefit days and associated employee-related costs when earned (or estimated to be earned) by the employee. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Interfund Activity – Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE B – DEPOSITS AND INVESTMENTS:

Cash Equivalents

The following is a reconciliation of cash and investments for both the unrestricted and restricted assets for the primary government and its component units from the Statement of Net Assets:

	Primary Government	Component Units	Fiduciary Funds	Total
Unrestricted:				
Cash and cash equivalents	\$6,267,107	\$8,284,246	\$4,196,291	\$18,747,644
Investments	3,790,590	1,736,842	25,675,919	31,203,351
	<u>10,057,697</u>	<u>10,021,088</u>	<u>29,872,210</u>	<u>49,950,995</u>
Restricted:				
Cash and cash equivalents	919,115	5,102,483	-	6,021,598
Investments	2,302,010	-	-	2,302,010
	<u>3,221,125</u>	<u>5,102,483</u>	<u>-</u>	<u>8,323,608</u>
TOTALS	<u>\$13,278,822</u>	<u>\$15,123,571</u>	<u>\$29,872,210</u>	<u>\$58,274,603</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State law does not require and the City does not have a deposit policy for custodial credit risk. The carrying amounts of the primary government, component unit and fiduciary funds deposits with financial institutions was \$20,965,629 and the bank balance was \$12,579,312. The bank balance is categorized as follows:

Amount insured by the FDIC or uncollateralized with securities held by the City in its name	\$1,077,256
Amount collateralized with securities held by the pledging financial institutions trust department in the City's name:	11,502,056
Collateralized and uninsured	<u>\$12,579,312</u>

NOTE B – DEPOSITS AND INVESTMENTS (Continued):**Investments**

As of June 30, 2007 the City had the following investments.

		Investment Maturities (In years)			
	Fair Value	Less than 1	1-5	6-10	More than 10
PRIMARY GOVERNMENT:					
Unrestricted Investments:					
U.S. Government Agencies	\$3,790,590	\$3,790,590	\$-	\$-	\$-
Restricted Investments:					
U.S. Government Agencies	2,302,010	2,302,010	-	-	-
TOTAL INVESTMENTS	\$6,092,600	\$6,092,600	\$-	\$-	\$-
COMPONENT UNITS:					
U.S. Treasury Notes	\$-	\$-	\$-	\$-	\$-
U.S. Government Agencies	369,320	349,370	19,950	-	-
Mutual Bond Funds	462,267	421,598	40,669	-	-
Mutual Equity Funds	425,264	425,264	-	-	-
Time Deposits	479,991	384,173	95,818	-	-
TOTAL INVESTMENTS	\$1,736,842	\$1,580,405	\$156,437	\$-	\$-
FIDUCIARY FUNDS:					
U.S. Government Agencies	\$5,698,322	\$1,491,020	\$2,240,712	\$1,724,638	\$241,952
Domestic Corporation Bonds	2,540,674	1,400,320	637,760	240,145	262,449
Common, Pooled Fund	17,435,867	17,435,867	-	-	-
Government National Mortgage Association	1,056	-	-	521	535
TOTAL INVESTMENTS	\$25,675,919	\$20,327,207	\$2,878,472	\$1,965,304	\$504,936

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City's investments. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Michigan statutes (Act 196, PA 1997) authorize the City to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

Michigan statute (Act 314, PA 1965, as amended) authorizes the pension trust to invest in, with certain restrictions, stocks and mutual funds up to 60% of the system's assets; investments in the general or separate account of life insurance companies; fixed income securities; investments in leased property; direct investments in property; investments in real estate loans; investments in small business or venture capital firms in Michigan; surplus funds pooled accounts; and bank or trust company collective investment funds.

The City has no investment policy that would further limit its investment choices. The City's investments in Mutual Bond Funds are rated from A1 to AAA by Moody's. Ratings are not required for the City's investment in U.S. Government Agencies or equity-type funds. The City's investments are in accordance with statutory authority.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

NOTE C – RESTRICTED ASSETS – PROPRIETARY FUNDS AND COMPONENT UNIT:

The enterprise fund has certain cash investment balances classified as restricted assets since their use is limited by applicable bond indentures and ordinances. The major provisions of the ordinances covering the bond indentures of the component unit (Board of Light and Power) and the Water Supply and Sewage Disposal Fund are as follows:

1. ***Rates*** – The component unit fund only shall charge and collect rates necessary to provide net revenues sufficient to cover annual debt service not less than 1.3 times.
2. ***Receiving Fund*** – All system revenues will be paid into this fund, including interest income, to the extent interest income is not retained in the construction or bond reserve funds.
3. ***Operation and Maintenance Fund*** – Monthly transfers must be made from the Receiving Fund, which is used for initial deposit of all receipts, to the Operation and Maintenance Fund (included under current assets) to cover payment of next month's estimated operating expenses.
4. ***Bond Reserve Fund*** – Monthly transfers must be made to the Bond Reserve Fund in an amount equal to the maximum annual principal and interest on the revenue bonds.
5. ***Replacement/Maintenance Fund*** – Monthly transfers are to be made as necessary, up to required levels, to make major repairs and replacements to the systems.
6. ***Bond and Interest Redemption*** – Transfers will be made from the Receiving Fund in amounts sufficient to pay the current bond and interest maturities.

NOTE C – RESTRICTED ASSETS – PROPRIETARY FUNDS AND COMPONENT UNIT (Continued):

7. ***Bond Escrow Fund*** – Transfers were made to the Bond Escrow Fund to provide for the normal retirement, including interest, of the capitalized leases, and revenue bond issues. Transfers will be made to the Bond and Interest Redemption Fund as the obligations become due.
8. ***Vacation, Sick Leave and Benefit Days Reserve*** – Transfers will be made to the vacation and sick leave reserve to provide funding for accrued vacation, sick leave, and benefit day liabilities to be paid to employees upon retirement or termination.
9. ***Tax Payment Fund*** – Transfers will be made to the Tax Payment Fund in amounts sufficient to make payments in lieu of taxes to the City of Marquette. Transfers into this fund are subordinate to payments of the above listed funds.
10. ***Plant Replacement – Risk Retention Fund*** – Transfers will be made, as the Board determines necessary to the fund, to finance major system repairs or replacements and provide for potential claims not covered by existing insurance policies. Transfers to this fund are subordinate to transfers to the tax payment fund noted above.
11. ***Plant Improvement Fund*** – Transfers will be made to the Plant Improvement Fund as the Board deems necessary for improvements, enlargements and extensions of the system. Transfers to this fund are subordinate to transfers to the Plant Replacement Fund.
12. Transfers from the Water Supply and Sewage Disposal Fund may be made to the General Fund up to 40% of the surplus remaining at the end of the preceding fiscal year.
13. The balance of revenues remaining after the above requirements are met shall, at the option of the governing agency, be transferred to the Bond Reserve Fund for the purpose of calling bonds.

The City Charter allows the transfer to the General Fund of 50% of the preceding year's net income of public utilities. The amount of net income not transferred to the General Fund must be held in a reserve account for future capital outlay. Expenditures shall be charged to the reserve account.

The composition of restricted asset accounts for the respective primary government enterprise and internal service funds and the respective component units are as follows:

	Water Supply And Sewage <u>Disposal Fund</u>	Marina <u>Fund</u>	Stormwater Utility <u>Fund</u>	Motor Vehicle Equipment <u>Fund</u>	Municipal Service Center <u>Fund</u>	Primary Government <u>Total</u>	Component <u>Units</u>
Cash and cash equivalents	\$769,063	\$-	\$45,159	\$659,119	\$7,442	\$1,480,783	\$5,102,483
Investments	<u>1,023,141</u>	<u>360,075</u>	<u>259,675</u>	<u>97,451</u>	<u>-</u>	<u>1,740,342</u>	<u>-</u>
TOTALS	<u>\$1,792,204</u>	<u>\$360,075</u>	<u>\$304,834</u>	<u>\$756,570</u>	<u>\$7,442</u>	<u>\$3,221,125</u>	<u>\$5,102,483</u>

NOTE D – JOINT VENTURE – INVESTMENT IN WASTEWATER PLANT:

The City has entered into a contract with the adjacent Townships of Chocolay and Marquette through the County of Marquette to construct and operate a wastewater plant known as the Marquette Area Wastewater Treatment Facility. Under the original agreement the City owned 79.8% of the facility, the Township of Marquette owned 5.5%, and the Township of Chocolay owned 14.7%. The cost of construction amounted to approximately \$12,000,000 and was financed by Federal and State grants for 80% of the cost and \$2,500,000 general obligation bonds issued by Marquette County. The full faith and credit of the City (refer to Note E) and the two Townships have been pledged. The total investment in the Facility at June 30, 2006 by the City is \$2,954,906, including local contributions and its proportionate share of the net equity of the facility.

In the Spring of 1993, the City of Marquette and Chocolay Township each sold 2.25% of capacity to Marquette Township. The new ownership percentages are; the City of Marquette owns 77.55%, Chocolay Township owns 12.45%, and Marquette Township owns 10.00%.

The City utilizes the equity method of accounting for the activity in its investment in the Facility. Under the equity method, the investment is adjusted for any additional capital investments made and its proportionate share of the Facility's results of operations.

As required by Governmental Accounting Standards Board Statement # 14, the City's equity interest is shown as an asset in the Water Supply and Sewage Disposal Fund. The separately issued audited financial statements can be obtained at the City's Finance Department located at 300 West Baraga Avenue, Marquette, Michigan 49855.

A summary of condensed financial information of the Facility, in the aggregate, is as follows:

Assets	\$11,311,357
Liabilities	5,825,724
Equity	5,485,633
Revenues	1,236,181
Expenses	1,667,346
Other income	838,023
Loss from operations	(431,165)
City's share of net gain	504,747
City's share of capital investments	615,506

NOTE E – CAPITALIZED LEASE OBLIGATIONS:

The City has a lease obligation with the County of Marquette as a result of the construction of the pumping station and sanitary sewers in conjunction with the construction of the Marquette Area Wastewater Treatment Facility. Accordingly, the City's lease obligation corresponds to its share of the interest and principal payments required to retire the bond issue.

NOTE E – CAPITALIZED LEASE OBLIGATIONS (Continued):

On July 28, 1998, the County of Marquette issued \$1,485,000 Marquette County Refunding Bonds Unlimited Tax Series 1998 to refund in part the Marquette County Wastewater Treatment Bonds, Series 1978. This refunding bond issue changed the City's lease obligation with the County of Marquette from 76.2% to 75.5% of the total debt resulting in a cumulative net savings of \$60,257 for the City. The advance refunding also resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$47,336. This difference, reported in the accompanying financial statements as deferred amounts on refunding, is being charged to operations through the year 2008 using the effective-interest method.

The carrying amount of the City's portion of the project at June 30, 2007 is \$241,732. The City will finance debt requirements with the revenues of the water and sewer system. Data relating to the above agreement is summarized below:

			<u>Pump Station and Sanitary Sewers</u>
Interest Rate			4.3 – 4.4%
Terms of principal maturities		December 1, 1998 to December 1, 2008	

Annual maturities on the Water Supply and Sewage Disposal Fund capitalized lease obligations are as follows:

	<u>Refunded July 28, 1998 Capitalized Lease Obligations</u>
Principal and interest maturities:	
Year Ending June 30:	
2008	\$128,783
2009	123,525
Minimum lease payments	<u>252,308</u>
Less: Amount representing interest at the City's incremental borrowing rate of interest	<u>(10,576)</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u>\$241,732</u>

NOTE F – LONG – TERM DEBT:

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended June 30, 2007:

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
BUSINESS-TYPE ACTIVITIES:				
Water Supply and Sewage Disposal Fund:				
Lakeshore Park Place Note	\$112,277	\$-	\$20,258	\$92,019
State Act 94 Clean Water Assistance Loan	3,330,000	-	145,000	3,185,000
4.3-4.4%, 1998 Refunded Capitalized Lease Obligations	362,598	-	120,866	241,732
2.0% Revenue Bonds, Series 2004A	70,000	-	70,000	-
2.0%-4.1% Refunding Revenue Bonds	4,800,000	-	570,000	4,230,000
3.875-4.0% Water Supply and Sewage Disposal System Revenue Bonds, Series 2006	-	1,440,000	-	1,440,000
Accrued Compensated Absences	134,735	16,824	-	151,559
Marina Fund:				
2.0% Revenue Bonds, Series 2004A	600,000	-	70,000	530,000
Stormwater Utility Fund:				
4.1-5.0%, Revenue Bonds, Series 1995	<u>1,065,000</u>	<u>-</u>	<u>245,000</u>	<u>820,000</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$10,474,610</u>	<u>\$1,456,824</u>	<u>\$1,241,124</u>	<u>\$10,690,310</u>
GOVERNMENTAL ACTIVITIES:				
Lakeshore Park Place Note	\$112,318	\$-	\$20,266	\$92,052
GEMS Installment Note	200,086	-	46,699	153,387
State Infrastructure Bank Note	1,077,354	-	82,873	994,481
2003 General Obligation Bonds	3,650,000	-	150,000	3,500,000
2005 General Obligation Bonds	5,000,000	-	5,000,000	-
2006 Limited Tax General Obligation Street Improvement Bonds	-	5,475,000	-	5,475,000
2007 Limited Tax General Obligation Bonds	-	5,135,000	-	5,135,000
Department of Transportation Bonds	1,075,000	-	340,000	735,000
1998 Building Authority Refunding Bonds	4,005,000	-	185,000	3,820,000
1998 Building Authority Bonds - Lakeview Arena	235,000	-	110,000	125,000
Marquette County Solid Waste Landfill Authority Bonds, Series 1988 (Revised July 30, 1994)	59,037	-	17,950	41,087
2007 High Street Bonds	-	209,061	-	209,061
Accrued Compensated Absences	<u>977,089</u>	<u>-</u>	<u>39,396</u>	<u>937,693</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$16,390,884</u>	<u>\$10,819,061</u>	<u>\$5,992,184</u>	<u>\$21,217,761</u>
COMPONENT UNITS:				
Board of Light and Power Electric Utility				
4.8 - 5.125% Revenue Bonds, Series 1993	\$8,143,825	\$-	\$2,695,000	\$5,448,825
Peter White Public Library				
1997 General Obligation Bonds - Library Improvement	3,315,000	-	3,095,000	220,000
1998 Building Authority Bonds - Library	470,000	-	225,000	245,000
2006 General Obligation Unlimited Tax Refunding Bonds - Library Improvement	-	2,935,000	-	2,935,000
Accrued compensated absences	77,310	16,670	-	93,980
Downtown Development Authority:				
Note payable - tractor	6,039	-	6,039	-
2001 Tax Increment Bonds	214,286	-	71,429	142,857
2005 Tax Increment Bonds	642,857	-	107,143	535,714
Marquette Housing Commission:				
Bonds and notes	118,021	939,046	14,082	1,042,985
Accrued compensated absences	<u>66,755</u>	<u>4,484</u>	<u>-</u>	<u>71,239</u>
TOTAL COMPONENT UNITS	<u>\$13,054,093</u>	<u>\$ 3,895,200</u>	<u>\$6,213,693</u>	<u>\$10,735,600</u>

NOTE F – LONG – TERM DEBT (Continued):

Internal service funds predominantly serve the government funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$104,893 of internal service funds compensated absences is included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

The City's component units (Board of Light and Power and Peter White Library), the Marina, Water Supply and Sewage Disposal Fund revenue bonds, general obligation bonds, and capital lease obligations outstanding are recorded in the respective Component Unit and Enterprise Fund. The Component Units' debt and the Enterprise Fund debt are expected to be repaid from proprietary revenues.

As of June 30, 2000, the City had a secured credit agreement with maximum borrowings of \$750,000 and an interest rate of 4.88% per annum for the purpose of making certain street and utility improvements along Lakeshore Boulevard in conjunction with the Lakeshore Park Place special assessment project. At June 30, 2000, the amount initially borrowed was \$399,926 of which \$199,926 was recorded in the Water Supply and Sewage Disposal Fund and \$200,000 was recorded as Governmental Activities long-term debt. The note will be paid off in ten consecutive and equal annual principal and interest payments on the outstanding principal amounts due each year, beginning August 5, 2001.

On April 1, 1996, the City of Marquette, Michigan issued \$6,435,000 Water Supply and Sewage Disposal System Revenue Bonds, Series 1996. The Water Supply and Sewage Disposal System Revenue Bonds were issued for the purpose of financing the cost of expanding and making certain improvements to the water supply and filtration system of the City in accordance with a resolution adopted by the City Commission of the City on March 11, 1996, pursuant to Act 94, Public Acts of Michigan, 1933, as amended.

On November 1, 1995, the City of Marquette, Michigan, issued \$2,740,000 Stormwater Revenue Bonds. The Stormwater Revenue Bonds were issued for the purpose of acquiring and constructing certain stormwater utility improvements in the City in accordance with a resolution adopted by the City Commission of the City, on August 28, 1995 pursuant to Act 94, Public Acts of Michigan, 1934, as amended.

On April 8, 2002, the City issued \$367,859 of GEMS Installment Notes for the purpose of purchasing computer equipment and software to be used for the City's general finance operations. The notes will be paid off in eight annual principal installments beginning April 1, 2004 and ending on April 1, 2010. Interest shall be payable semi-annually beginning October 1, 2002 at a rate equal to 4.60% per annum.

On December 17, 1992, the City of Marquette, Michigan, through the Michigan Municipal Bond Authority, issued \$1,790,000 Michigan Transportation Fund Bond, Series 1992. The Michigan Transportation Bonds were issued for the purpose of making certain street improvements in the City in accordance with a resolution adopted by the City Commission of the City, on November 3, 1992, pursuant to the provisions of Act 175, Public Acts of Michigan, 1952, as amended. The Department

NOTE F – LONG – TERM DEBT (Continued):

of Transportation bonds are for the purpose of constructing roadway improvements and were used in part for the downtown renovation/construction project and in part for match purposes on a Small Cities Grant Project. The bonds will be paid by the General Fund through a transfer of monies to the Major and Local Street Funds.

On June 24, 1999, the City issued \$2,480,000 in Michigan Transportation Fund Refunding Bonds, Series 1999 with interest rates ranging from 3.5% to 4.75% to advance refund \$2,820,000 of outstanding "Michigan Transportation Fund Bonds, Series 1986" dated September 25, 1986 (the "1986 Prior Bonds"); the "Michigan Transportation Fund Bonds, Series 1989" dated August 10, 1989 (the "1989 Prior Bonds"); and the "Michigan Transportation Fund Bonds, Series 1999" 7.1%, maturing in the years 1999 through 2009. There were no net proceeds (after payment of \$200,000 in underwriting fees, insurance, and other issuance costs). As a result, the 1986, 1989, and 1992 issue bonds maturing in fiscal years 1999 through 2009 are considered to be defeased and the liability for those bonds has been removed from Governmental Activities long-term debt balance. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2007, \$730,000 of bonds outstanding are considered defeased.

In August of 1991, the City of Marquette, Michigan, through the Michigan Municipal Bond Authority, issued \$5,200,000 Building Authority Bonds. The City of Marquette Building Authority Municipal Obligations were issued pursuant to Act No. 31, of the Public Acts of 1948, as amended (AAct 31") for the construction of a Municipal Service Center. The Municipal Service Center houses administrative offices and employee work areas for the departments of Engineering, Public Works, Water Supply and Sewage Disposal, Parks & Recreation, and Motor Pool, provides storage and warehousing for supplies and materials, and equipment storage and maintenance areas, contains a fuel depot and provides parking areas and outside materials storage. The principal of and interest on the City of Marquette Building Authority Municipal Obligations have been paid off, and were secured by a statutory lien upon, cash rental payments to be paid by the City of Marquette to the City of Marquette Building Authority pursuant to a Contract of Lease between the parties for the Municipal Service Center constructed with the proceeds of the City of Marquette Building Authority Municipal Obligations. The full faith and credit of the City of Marquette has been pledged for the payment of the cash rental under the Contract of Lease. The City of Marquette has agreed to levy ad valorem taxes each year to the extent necessary for the payment of such cash rentals, subject to applicable constitutional, statutory and charter limitations.

On June 16, 1998, the City issued \$4,945,000 in Building Authority Refunding Bonds, Series 1998 with interest rates ranging from 3.8% to 5.125% to advance refund \$4,455,000 of outstanding Building Authority Bonds, Series 1991 with interest rates ranging from 6.00% to 6.875% maturing in fiscal years 2002 through 2021. The 1998 Issue net proceeds of \$4,790,820 (after payment of \$154,180 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service interest and principal payments on the 1991 Issue refunded bonds. As a result, the 1991 Issue bonds maturing in fiscal years 2002 through 2021 are considered to be defeased and the liability for those bonds has been removed from the Governmental Activities long-term balance.

NOTE F – LONG -TERM DEBT (Continued):

Also, the irrevocable trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2007, \$3,695,000 of bonds outstanding are considered defeased.

The 1998 Building Authority Bonds - Lakeview Arena were issued for the purpose of defraying the cost of renovating, constructing, furnishing and equipping improvements to the existing Lakeview Arena. The bonds were issued pursuant to the provisions of Act 31 of P.A. 1948, as amended. The Bond's principal and interest are payable from lease payments required to be paid by the City to the Building Authority pursuant to the Contract of Lease between the City and the Authority.

On November 3, 1988, the City of Marquette authorized the sale of Marquette County Solid Waste Landfill Authority Bonds, Series 1988, in the amount of \$2,675,000 to pay for part of the cost of acquiring, constructing, and establishing a sanitary landfill and a solid waste management system. The City's proportionate share of the bonds is 31 percent or \$798,250. The City's portion of the bond's principal and interest are payable from General Fund tax levies. In July of 1993, the Authority advance refunded a portion of this issue maturing in fiscal years 1997-2009 with the 1993B Issue, Refunding Bonds.

On December 27, 1997, the City of Marquette, Michigan, issued \$4,500,000 General Obligation Unlimited Tax Library Improvement Bonds for the purpose of defraying a portion of the cost of expanding and renovating the Peter White Public Library located in the City of Marquette. The bonds were issued pursuant to the provisions of Act 227, Public Acts of Michigan, 1985, as amended. The full faith and credit of the City of Marquette are pledged for the payment of the principal and of the interest on the bonds when due. On October 3, 2006 the City advance refunded a portion of this issue maturing in fiscal years 2009-2018 with the General Obligation Unlimited Tax Library Improvement Bonds, Series 2006.

On October 3, 2006, the City issued \$2,935,000 in General Obligation Unlimited Tax Refunding Bonds, Series 2006 with an interest rate of 4.0% to advance refund \$2,885,000 of outstanding General Obligation Unlimited Tax Library Improvement Bonds, Series 1997 maturing in fiscal years 2009 through 2018. The 2006 issue net proceeds of \$2,896,462 (after payment of \$81,939 in underwriting fees, insurance, and other issuance costs plus an additional \$43,401 reoffering premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all callable future debt service payments on the 1997 General Obligation Unlimited Tax Library Improvement Bonds. As a result, the 1997 General Obligation Unlimited Tax Library Improvement Bonds are considered to be defeased and the liability for those has been removed from the Governmental Activities long-term debt balance. On June 30, 2007, \$220,000 remains outstanding on the 1997 General Obligation Unlimited Tax Library Improvement Bonds as this amount was not included in the bond refunding.

NOTE F – LONG -TERM DEBT (Continued):

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$50,000. This difference has been charged to operations as a component of interest expense in the Statement of Activities. The transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$106,085.

On June 16, 1998, the City of Marquette Building Authority, issued \$2,000,000 Building Authority Bonds (Peter White Public Library) Series 1998 for the purpose of defraying the cost of renovating, constructing, furnishing and equipping improvements to the existing Peter White Public Library. The bonds were issued pursuant to the provisions of Act 31 of P.A. 1948, as amended. The bond's principal and interest are payable from lease payments required to be paid by the City of Marquette to the Building Authority pursuant to the Contract of Lease between the City and the Authority.

When all of the Building Authority Bonds have been retired the Authority shall convey all rights, title, and interest to the City of Marquette.

Pursuant to Section 162.2 of Act 197, Public Acts of Michigan, as amended on October 11, 2001, the Marquette Downtown Development Authority (DDA) issued Tax Increment Bonds in the amount of \$500,000 at a 4.6% interest rate designated as Tax Increment Bonds, Series 2001, to finance a portion of the costs of certain public improvements within the downtown district. The principal and interest payable on the bonds shall be repaid solely from tax increment revenues received by the DDA.

On July 25, 2003, the City issued \$1,243,100 of State Infrastructure Bank Notes for the purpose of financing transportation infrastructure improvements through the County Road (CR) 550 Flood Repair and Spring Street Reconstruction project. The notes will be paid off in 15 annual principal installments beginning July 25, 2004 and ending July 25, 2019, plus interest at the rate of zero percent.

On December 23 2003, the City issued \$3,935,000 in General Obligation Limited Tax Bonds with interest rates ranging from 2.0% to 4.55%. The Bonds were issued pursuant to the resolution duly adopted by the City on November 24, 2003 for the purpose of reimbursing the City for certain costs relating to the acquisition of waterfront property for the City's park system, and paying the costs of designing, engineering, acquiring, preparing, constructing and equipping various park improvements.

On March 29, 2007, the City issued \$5,135,000 in General Obligation Unlimited Tax Refunding Bonds, Series 2007 with interest rates varying from 5.25% to 5.5% to advance refund \$5,000,000 of outstanding General Obligation Limited Tax Bonds, Series 2005 maturing in fiscal years 2008 through 2025. The 2027 issue net proceeds of \$4,996,644 (after payment of \$142,148 in underwriting fees, insurance, and other issuance costs plus an additional \$3,792 reoffering premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all callable future debt service payments on the 2005 General Obligation Unlimited Refunding Bonds. As a result, the 2005 General Obligation Unlimited Tax Refunding Bonds are considered to be defeased and the liability for those has been removed from the Governmental Activities long-term debt balance.

NOTE F – LONG -TERM DEBT (Continued):

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$135,000. This difference has been charged to operations as a component of interest expense in the Statement of Activities. The transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$458,550.

On March 9, 2004, the City issued \$3,470,000 of State of Michigan Act 94 Clean Water Assistance Loan for the purpose of rehabilitation of the Hawley Street, Pine Street, Lake Street, and Baraga Avenue sewage pump stations. The loan will be paid off in annual principal and interest payments over 20 years with an interest rate of 2.125%.

On November 4, 2003, the City issued \$5,990,000 in Water and Sewer Refunding Revenue Bonds with an interest rate ranging from 2.0% to 4.1% to advance refund \$5,820,000 of outstanding 1996, 1977 and 1989 Water and Sewer Revenue Bonds with interest rates ranging 3.85% to 7.0%. The net proceeds of \$5,946,012 (after payment of \$122,927 in underwriting fees, insurance, and other issuance costs plus an additional \$11,484 in Prior Issue Debt Service fund monies and a \$67,455 reoffering premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all callable future debt service payments on the 1996, 1977 and 1989 Water and Sewer Revenue bonds. As a result, the 1996, 1977 and 1989 Water and Sewer Revenue bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. On June 30, 2006, \$4,765,000 of bonds outstanding are considered defeased.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$170,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2016 using the effective-interest method.

On February 18, 2004, the City issued \$140,000 in Water and Sewer Refunding Revenue Bonds, Series 2004A with an average interest rate of 2.0 percent to advance refund \$125,000 of outstanding Water and Sewer Revenue Bonds, Series 1986 with an interest rate ranging 6.1% to 9.5%. The net proceeds of \$125,365 (after payment of \$14,821 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future callable debt service payments on the Water and Sewer Revenue Bonds, Series 1986. As a result, the 1986 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. On June 30, 2006, all of bonds outstanding are considered defeased.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$15,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2016 using the effective-interest method.

NOTE F – LONG -TERM DEBT (Continued):

On February 18, 2004, the City issued \$690,000 in Marina Refunding Revenue Bonds, Series 2004A with an average interest rate of 2.0 percent to advance refund \$655,000 of outstanding Marina Revenue Bonds, Series 1994 with an interest rate ranging 4.75% to 5.8%. The net proceeds of \$669,508 (after payment of \$18,512 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future callable debt service payments on the Marina Revenue Bonds, Series 1994. As a result, the 1994 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. On June 30, 2006, \$595,000 of bonds outstanding are considered defeased.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$35,000. This difference has been charged to operations as a component of interest expense in the Statement of Activities. The transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$458,550.

On May 26, 2005, the City issued \$5,000,000 in General Obligation Limited Tax Bonds with interest rates ranging from 3.27% to 4.70%. The Bonds were issued pursuant to the resolution duly adopted by the City on January 31, 2005 for the purpose of paying all or part of the cost of acquiring, improving and equipping real property within and without the City for use for authorized purposes.

On October 31, 2006, the City issued \$5,475,000 in Limited Tax General Obligation Bonds, Series 2006, at an interest rate of 4.0%. The Bonds were issued for the purpose of paying all or part of the cost of making major and local street improvements throughout the City. The Bonds are issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended, and a resolution of the City. The City has pledged its limited tax, full faith and credit as a security for the payment of the principal and interest on the Bonds.

On December 20, 2006, the City issued \$1,440,000 in Water Supply and Sewage Disposal System Revenue Bonds, Series 2006 at interest rates of varying from 3.875% to 4.0%. The Bonds were issued for the purpose of the acquisition, construction and installation of water filtration membranes and related equipment and piping in the City. The Bonds were issued pursuant to the provisions of Act 94 of the Michigan Public Acts of 1933, as amended, and Ordinances No. 514, 499 and 538 of the City. The Bonds are payable solely from the net revenues of the City's water supply and sewage disposal system and any addition or supplement thereto including earnings on investments as described in the Ordinances and in Section 3 of Act 94.

Pursuant to Section 16(2) of Act 197, Public Acts of Michigan, 1975, as amended, on April 29, 2005 the Marquette Downtown Development Authority (DDA) issued Tax Increment Bonds in the amount of \$750,000 at a 3.65% interest rate designated as Tax Increment Bonds, Series 2005, to finance a portion of the costs of certain public improvements within the downtown district. The principal and interest payable on the bonds shall be repaid solely from tax increment revenues received by the DDA.

NOTE F – LONG -TERM DEBT (Continued):

Annual maturities on Component Unit debt are as follows:

Maturities	Board of Light & Power Revenue Bonds Series 1001 A	1997 G.O. Bonds Library Improvement	2006 G.O U.T. Refunding Bonds- Library	1998 Building Authority Bonds - Library	DDA 2001 Tax Increment Bonds	DDA 2005 Tax Increment Bonds	Marquette Housing Commission Notes & Bonds
Year Ending June 30:							
2008	\$2,790,000	\$220,000	\$25,000	\$245,000	\$71,429	\$107,143	\$57,172
2009	2,700,000	-	245,000	-	71,428	107,143	63,489
2010	-	-	250,000	-	-	107,143	66,251
2011	-	-	260,000	-	-	107,143	69,137
2012	-	-	275,000	-	-	107,142	72,153
2013-2017	-	-	1,535,000	-	-	-	332,773
2018-2020	-	-	345,000	-	-	-	382,010
Discount	(41,175)	-	-	-	-	-	-
Principal	5,448,825	220,000	2,935,000	245,000	142,857	535,714	1,042,985
Interest	204,104	5,060	736,100	11,148	5,816	59,661	374,478
TOTAL	<u>\$5,652,929</u>	<u>\$225,060</u>	<u>\$3,671,100</u>	<u>\$256,148</u>	<u>\$148,673</u>	<u>\$594,375</u>	<u>\$1,417,463</u>

On October 11, 2001 the Board of Light and Power issued Revenue Bonds in the amount of \$21,815,150 with interest rates ranging from 4.8 – 5.125% to finance the costs of improvements to its physical plant. The principal and interest payable on the bonds shall be repaid solely from revenues generated by the system.

Annual maturities on the Business-Type Activities debts are as follows:

Year Ending June 30,	Stormwater Utility Fund	Water Supply and Sewage Disposal Fund					Marina Fund
	11/01/95 Revenue Bonds	Lakeshore Park Place Note	State Act 94 Clean Water Assistance Loan	12/01/98 Capitalized Lease Obligations	11/04/03 Revenue Bonds	12/20/2006 Revenue Bonds	2/18/04 Revenue Bonds
2008	\$255,000	\$21,289	\$145,000	\$120,866	\$590,000	\$120,000	\$70,000
2009	275,000	22,343	150,000	120,866	480,000	125,000	75,000
2010	290,000	23,448	155,000	-	410,000	130,000	70,000
2011	-	24,939	155,000	-	410,000	135,000	75,000
2012	-	-	160,000	-	430,000	140,000	75,000
2013	-	-	165,000	-	450,000	145,000	80,000
2014	-	-	165,000	-	470,000	150,000	85,000
2015	-	-	170,000	-	485,000	160,000	-
2016	-	-	175,000	-	505,000	165,000	-
2017	-	-	180,000	-	-	170,000	-
2018	-	-	180,000	-	-	-	-
2019	-	-	185,000	-	-	-	-
2020	-	-	190,000	-	-	-	-
2021	-	-	195,000	-	-	-	-
2022	-	-	200,000	-	-	-	-
2023	-	-	200,000	-	-	-	-
2024	-	-	205,000	-	-	-	-
2025	-	-	210,000	-	-	-	-
Principal	820,000	92,019	3,185,000	241,732	4,230,000	1,440,000	530,000
Interest	63,250	11,615	716,975	10,576	808,640	305,381	68,075
	<u>\$883,250</u>	<u>\$103,634</u>	<u>\$3,901,975</u>	<u>\$253,308</u>	<u>\$5,038,640</u>	<u>\$1,745,381</u>	<u>\$598,075</u>

NOTE F - LONG-TERM DEBT (Continued):

Annual maturities on the Governmental Activities are as follows:

Year Ending June 30,	Lakeshore Park Place Note	GEMS Installment Note	State Infrastructure Bank Note	2003 General Obligation Bonds	2007 General Obligation Bonds	2006 LTGO Street Improvement Bonds	Transportation Bond Fund Loans Payable	1998 Building Authority Bonds, Refunding	1998 Building Authority Bonds, Lakeview Arena	Marquette County Sanitary Lan Authority Bo Series 198
2008	\$ 21,297	\$ 48,847	\$ 82,873	\$ 170,000	\$ 150,000	\$ 275,000	\$ 355,000	\$ 190,000	\$ 125,000	\$ 1
2009	22,351	51,095	82,873	175,000	175,000	285,000	185,000	205,000	-	2
2010	23,457	53,445	82,873	175,000	190,000	295,000	195,000	210,000	-	
2011	24,947	-	82,873	155,000	200,000	305,000	-	225,000	-	
2012	-	-	82,873	190,000	210,000	320,000	-	235,000	-	
2013	-	-	82,873	190,000	225,000	330,000	-	245,000	-	
2014	-	-	82,873	200,000	240,000	345,000	-	260,000	-	
2015	-	-	82,873	210,000	250,000	360,000	-	275,000	-	
2016	-	-	82,873	220,000	270,000	375,000	-	285,000	-	
2017	-	-	82,873	230,000	285,000	390,000	-	300,000	-	
2018	-	-	82,873	235,000	300,000	405,000	-	320,000	-	
2019	-	-	82,878	245,000	320,000	420,000	-	335,000	-	
2020	-	-	-	260,000	340,000	440,000	-	355,000	-	
2021	-	-	-	270,000	355,000	455,000	-	380,000	-	
2022	-	-	-	280,000	375,000	475,000	-	-	-	
2023	-	-	-	295,000	395,000	-	-	-	-	
2024	-	-	-	-	415,000	-	-	-	-	
2025	-	-	-	-	440,000	-	-	-	-	
Principal	92,052	153,387	994,481	3,500,000	5,135,000	5,475,000	735,000	3,820,000	125,000	4
Interest	11,619	14,342	-	1,382,822	2,966,020	44,314	44,314	1,611,561	5,688	
Total	\$ 103,671	\$ 167,729	\$ 994,481	\$ 4,882,822	\$ 8,101,020	\$ 5,519,314	\$ 779,314	\$ 5,431,561	\$ 130,688	\$ 4

NOTE F – LONG -TERM DEBT (Continued):

Annual principal and interest requirements on indebtedness are as follows:

	Governmental Activities		Business Type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$1,437,563	\$891,529	\$1,322,155	\$342,842	\$3,515,744	\$352,387
2009	1,202,860	809,907	1,248,209	295,780	3,187,060	223,498
2010	1,433,836	760,580	1,078,448	251,975	423,394	154,174
2011	992,820	709,978	799,939	218,403	436,280	137,177
2012	1,037,873	669,385	805,000	190,487	454,295	119,551
2013-2017	5,899,365	2,654,696	3,720,000	513,169	1,867,773	355,970
2018-2022	6,730,751	1,230,995	950,000	136,850	685,835	53,610
2023-2027	1,545,000	129,483	615,000	35,009	-	-
Totals	<u>\$20,280,068</u>	<u>\$7,856,553</u>	<u>\$10,538,751</u>	<u>\$1,984,515</u>	<u>\$10,570,381</u>	<u>\$1,396,367</u>

NOTE G – INTERFUND BALANCES:

The amounts of interfund receivables and payables are as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
PRIMARY GOVERNMENT:			
General	\$157,492	Major Street	\$15,237
		Nonmajor enterprise (Marina)	142,255
Subtotal	<u>157,492</u>	Subtotal	<u>157,492</u>
Local Street	193,354	General	514,169
Nonmajor Special Revenues	84,737	Water/Sewer	57,500
Forestland Debt Service	298,078	Stormwater	1,500
		Internal Service	3,000
Subtotal	<u>576,169</u>	Subtotal	<u>576,169</u>
Capital Projects	1,693,175	General	81,535
		Major Street	146,862
		Local Street	243,700
		Stormwater	148,640
		Water/Sewer	1,072,438
Subtotal	<u>1,693,175</u>	Subtotal	<u>1,693,175</u>
Trust and Agency	250,000	General	250,000
Subtotal	<u>250,000</u>	Subtotal	<u>250,000</u>
PRIMARY GOVERNMENT AND COMPONENT UNIT:			
Internal Service	1,538	Marquette Area Wastewater Management Authority	1,538
Capital Projects	344,526	Downtown Development Authority – Component Unit	344,526
Subtotal	<u>346,064</u>	Subtotal	<u>346,064</u>
TOTAL REPORTING ENTITY	<u><u>\$3,022,900</u></u>	TOTAL REPORTING ENTITY	<u><u>\$3,022,900</u></u>

NOTE H – INTERFUND TRANSFERS IN AND TRANSFERS OUT:

All internal balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The interfund transfers for the year are as follows:

Fund	Transfers In	Fund	Transfers Out
PRIMARY GOVERNMENT:			
General	\$450,319	Capital Projects	\$81,965
		Nonmajor Enterprise	357,345
		Nonmajor Governmental	11,009
Subtotal	450,319	Subtotal	450,319
Major Street	757,456	General	2,664,495
Local Street	681,269		
Nonmajor Governmental	1,116,819		
Capital Projects	81,534		
Nonmajor Enterprise	27,417		
Subtotal	2,664,495	Subtotal	2,664,495
Capital Projects	1,611,640	Major Street	146,862
		Local Street	243,700
		Major Enterprise	1,221,078
Subtotal	1,611,640	Subtotal	1,611,640
Debt Service	383,413	Internal Service	383,413
TOTAL REPORTING ENTITY	\$5,109,867	TOTAL REPORTING ENTITY	\$5,109,867

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE I – ADVANCES TO/FROM COMPONENT UNITS:

The advance to Downtown Development Authority in the amount of \$29,158 was written off.

NOTE J – CAPITAL ASSETS:

A summary of changes in governmental activities capital assets including internal service funds capital assets is as follows:

	Balance at June 30, 2006	Additions	Disposals	Balance at June 30, 2007
GOVERNMENTAL ACTIVITIES:				
Investment in joint venture	\$3,524,660	\$-	\$-	\$3,524,660
Construction in progress	4,271,067	2,484,222	(3,268,286)	3,487,003
Land	11,157,766	299,691	-	11,457,457
Total Capital Assets, not being depreciated	18,953,493	2,783,913	(3,268,286)	18,469,120

NOTE J – CAPITAL ASSETS (Continued):

	Balance at June 30, 2006	Additions	Disposals	Balance at June 30, 2007
Land improvements	\$6,910,388	\$64,000	\$-	\$6,974,388
Buildings	4,971,467	416,232	-	5,387,699
Building improvements	11,870,920	74,084	(19,000)	11,926,004
Furniture and equipment	11,835,727	518,217	(756,826)	11,597,118
Infrastructure	31,526,962	3,808,859	-	35,335,821
Total Capital Assets, being depreciated	67,115,464	4,881,392	(775,826)	71,221,030
Less Accumulated Depreciation:				
Land improvements	(4,234,835)	(236,173)	-	(4,471,008)
Buildings	(2,820,443)	(84,429)	-	(2,904,872)
Building improvements	(5,843,682)	(430,873)	-	(6,274,555)
Furniture and equipment	(7,750,131)	(747,567)	736,678	(7,761,020)
Infrastructure	(17,072,040)	(1,194,668)	-	(18,266,708)
Total Accumulated Depreciation	(37,721,131)	(2,693,710)	736,678	(39,678,163)
Governmental Activities Capital Assets, net	\$48,347,826	\$4,971,595	\$(3,307,434)	\$50,011,987

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

Governmental Activity:	
Depreciation – unallocated	\$1,916,607
Internal Service Funds charged to above activities	777,103
Total Depreciation Expense – Governmental Activities	<u>\$2,693,710</u>

A summary of changes in business-type activities capital assets is as follows:

	Balance at June 30, 2006	Additions	Disposals	Balance at June 30, 2007
BUSINESS-TYPE ACTIVITIES:				
Investment in joint venture	\$2,992,555	\$-	\$(37,592)	\$2,954,963
Land	102,500	-	(102,500)	-
Construction in progress	-	2,024,645	-	2,024,645
Total Capital Assets, not being depreciated	3,095,055	2,024,645	(140,092)	4,979,608
Land improvements	3,128,861	-	-	3,128,861
Buildings and building improvements	15,436,309	-	(1,939,625)	13,496,684
Furniture and equipment	4,122,415	242,880	-	4,365,295
Infrastructure	35,905,021	474,290	-	36,379,311
Total Capital Assets, being depreciated	58,592,606	717,170	(1,939,625)	57,370,151
Less Accumulated Depreciation:				
Land improvements	(1,243,589)	(120,570)	-	(1,364,159)
Buildings and building improvements	(5,080,539)	(331,228)	829,623	(4,582,144)
Furniture and equipment	(1,067,391)	(229,519)	-	(1,296,910)
Infrastructure	(9,112,296)	(831,620)	-	(9,943,916)
Total Accumulated Depreciation	(16,503,815)	(1,512,937)	829,623	(17,187,129)
Business-Type Activities Capital Assets, net	\$45,183,846	1,228,878	(1,250,094)	\$45,162,630

NOTE J – CAPITAL ASSETS (Continued):

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

Business-Type Activities:	
Water Supply and Sewage Disposal	\$1,082,520
Stormwater Utility	272,254
Marina	135,135
Intermodal Transportation Terminal	23,028
Total Depreciation Expense – Business-Type Activities	<u>\$1,512,937</u>

A summary of component unit's capital assets is as follows:

	Board of Light and Power	Peter White Public Library	Downtown Development Authority	Marquette Housing Commission	Total Component Units
COMPONENT UNITS:					
Land	\$1,123,073	\$114,704	\$-	\$187,180	\$1,424,957
Construction in progress	-	-	-	177,327	177,327
Total Capital Assets, not being depreciated	<u>1,123,073</u>	<u>114,704</u>	<u>-</u>	<u>364,507</u>	<u>1,602,284</u>
Land improvements	-	-	2,883,186	940,011	3,823,197
Buildings and improvements	11,171,291	8,848,096	-	9,328,020	29,347,407
Furniture and equipment	<u>105,438,687</u>	<u>2,232,468</u>	<u>92,371</u>	<u>667,386</u>	<u>108,430,912</u>
Total Capital Assets, being depreciated	<u>116,609,978</u>	<u>11,080,564</u>	<u>2,975,557</u>	<u>10,935,417</u>	<u>141,601,516</u>
Less Accumulated Depreciation:					
Land improvements	-	-	(265,533)	-	(265,533)
Buildings and improvements	-	(3,270,327)	-	-	(3,270,327)
Furniture and equipment	-	(1,892,207)	(74,296)	-	(1,966,503)
Unallocated	<u>(79,375,376)</u>	<u>-</u>	<u>-</u>	<u>(7,672,963)</u>	<u>(87,048,339)</u>
Total Accumulated Depreciation	<u>(79,375,376)</u>	<u>(5,162,534)</u>	<u>(339,829)</u>	<u>(7,672,963)</u>	<u>(92,550,702)</u>
Component Units Capital Assets, net	<u><u>\$38,357,675</u></u>	<u><u>\$6,032,734</u></u>	<u><u>\$2,635,728</u></u>	<u><u>\$3,626,961</u></u>	<u><u>\$50,653,098</u></u>

Depreciation expense for the component units was charged to the following functions:

Component Units:	
Board of Light and Power	\$3,095,911
Peter White Public Library	488,912
Downtown Development Authority	73,890
Marquette Housing Commission	389,424
Total Depreciation Expense – Component Units	<u>\$4,048,137</u>

NOTE K – UNEARNED REVENUES:

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

1. The General Fund has reported unearned revenue of \$8,463,534. Of this amount, \$8,211,900 relates to the 2007 tax levy assessed May 1, 2007 and payable July 1, 2007, \$12,417 relates to delinquent taxes receivable not collected within sixty days after year-end, and \$239,217 relates to the special assessment receivable which are not available resources within the next year.
2. The Enterprise Funds have reported unearned revenue of \$23,971. This amount, \$23,971 represents the portion of special assessment receivables which are not available resources within the next year.
3. The Component Units have reported unearned revenue of \$1,554,448. This amount \$1,554,448 relates to their portion of the 2007 tax levy.

NOTE L – DEFINED BENEFIT PENSION PLAN – MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN:

Plan Description

The City contributes to the Municipal Employees Retirement System of Michigan (System), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for all Michigan municipal employees. The System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI 48917-9755.

The qualified employees of the Fire Department and Police Department of the City are included in a separate self-administered plan. The employees of the Marquette Board of Light and Power are included in a separate plan. All other full-time employees of the City and the Marquette Area Wastewater Treatment Facility are eligible to participate in the System. Benefits vest after six years for senior management and after ten years for all others. City employees who retire at or after the age of 60 with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, annual benefits are determined by negotiated contractual benefits within statute guidelines. The System also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute and City ordinance.

Active employees with ten or more years of service, who become disabled, receive an amount equal to the same as would be received under the normal retirement requirements, except that the reduction for retirement before age 60 is not applied. If the disability is from service connected causes, the amount of retirement allowance shall be computed as if the member had acquired exactly 10 years of credited service, if the actually acquired credited service is less than 10 years.

**NOTE L – DEFINED BENEFIT PENSION PLAN – MUNICIPAL EMPLOYEES
RETIREMENT SYSTEM OF MICHIGAN (Continued):**

If an employee dies, the beneficiary receives a retirement allowance computed in the same manner as a service retirement allowance, but reduced to reflect an Option II (100% joint and survivor) election. An employee's surviving spouse will receive a retirement allowance equal to 85% of the deceased member's or deceased vested former member's accrued retirement allowance computed in the same manner as a service retirement allowance, based on service and final average compensation at time of death.

Funding Policy

City employees are required to contribute five percent of their annual compensation to the System. The City pays the contribution for senior management. The City is required to contribute the remaining amounts necessary to fund the System, using the actuarial basis specified by statute.

Annual Pension Cost

For the year ended June 30, 2007, the City's annual pension cost of \$700,844 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as

part of an actuarial valuation at December 31, 2004, using the entry age normal cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment

of present and future assets of 8%, (b) projected salary increases of 4.5% a year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.16% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on an open basis over a period of 30 years.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three year trend information is stated below and ten year trend information may be found on page 88.

<u>Fiscal Year Ending June 30</u>	<u>Valuation Date December 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	2002	\$545,201	100%	0
2006	2003	625,812	100%	0
2007	2004	700,844	100%	0

**NOTE M – DEFINED BENEFIT PENSION PLAN - FIRE-POLICE RETIREMENT
SYSTEM:**

Separately Issued Plan Financial Report

The separately issued audited financial statements of the Plan can be obtained at the City's Finance Department located at 300 West Baraga Avenue, Marquette, Michigan 49855.

NOTE M – DEFINED BENEFIT PENSION PLAN – FIRE-POLICE RETIREMENT SYSTEM (Continued):

Summary of Significant Accounting Policies

Basis of Accounting - The City of Marquette Fire - Police Retirement System financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Plan Description

The City of Marquette is the administrator of a single-employer public employee retirement system (“System”) established and administered by the City of Marquette to provide pension benefits for the Fire and Police Department employees. The Fire and Police System is considered part of the City of Marquette’s financial reporting entity and is included in the City’s financial report as a pension trust fund. The City’s payroll for employees covered by the System for the year ended June 30, 2007 was \$2,706,518; the City’s total payroll was \$8,614,355.

Current membership in the Plan comprises the following as of December 31, 2006, the latest actuarial valuation date:

Group	
Retirees and beneficiaries currently receiving benefits	55
Vested terminated members	2
Active employees:	
Fire	25
Police	33
TOTAL	<u>115</u>

The qualifying full-time employees of the Fire Department and Police Department are eligible to participate in the System. Benefits vest after ten years of service. Employees who retire at or after the age of 50 with 25 or more years of credited service or age 60 with 10 or more years of service, are entitled to annual retirement benefits, payable monthly for life, in an amount equal to a minimum of \$600 a month, or 2.5 percent (3.0 percent for Fire members) of a three year average final compensation times the first twenty-five years of service plus 1.5 percent (1.0 percent for Fire members) of average final compensation times years of service in excess of twenty-five years. The System also provides death and disability benefits.

NOTE M – DEFINED BENEFIT PENSION PLAN – FIRE-POLICE RETIREMENT SYSTEM (Continued):

Non-duty disability benefits are payable upon the total and permanent disability of a member with 5 or more years of service. Benefits up to age 55 are paid equaling 1.5% of the average final compensation times the years of service. Benefits after the age of 55 are the same as benefits received from service retirement.

Disability benefits from the total or permanent disability of a member in the line of duty are payable, up to the age of 55, (age 50 for Fire members) at 50% of the average final compensation. Benefits after the age of 55 are the same as benefits from service retirement with service credit from date of disability to age 55, except for fire members whose full retirement is the equivalent of 25 years of service that the member would have had if not disabled.

If an active employee dies in the line of duty, the beneficiary will receive the same amount that was paid by worker's compensation.

If an active employee with 20 or more years of service (10 years required for fire members) dies not in the line of duty, the surviving spouse, if any, will receive an amount equal to the accrued straight life pension actuarially reduced in accordance with option I election.

Contributions

Covered employees are required by statute to contribute 5 percent of their salary to the System. If an employee leaves covered employment or dies before being eligible for retirement, the total accumulated employee contributions plus related investment earnings may be refunded to the employee or designated beneficiary. Benefit and contribution provisions are established by State statute and City ordinance.

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended June 30, 2006 were determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities were amortized as a level percent of payroll over an open period of 21 years for police and 20 years for fire.

During the year ended June 30, 2007, 2006 and 2005, contributions totaling \$242,030, \$265,196 and \$136,351, respectively, were made in accordance with contribution requirements determined by an actuarial valuation of the System.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three year trend information is stated below and ten year trend information may be found on page 89.

NOTE M – DEFINED BENEFIT PENSION PLAN – FIRE-POLICE RETIREMENT SYSTEM (Continued):

<u>Fiscal Year Ending June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2004	\$74,278	100%	0
2005	\$207,854	100%	0
2006	\$470,018	100%	0

Concentrations of Investments

The Plan does hold any individual investments that represent 5.0% or more of the Plan's net assets.

NOTE N – DEFINED BENEFIT PENSION PLAN BOARD OF LIGHT AND POWER – COMPONENT UNIT:

Separately Issued Plan Financial Report

The separately issued audited financial statements of the Plan can be obtained at the City's Finance Department located at 300 West Baraga Avenue, Marquette, Michigan 49855.

During the fiscal year ended June 30, 2005, the Board of Light and Power was effectively split from other City departments for pension benefit purposes. The following disclosures are related to the specifics of the "new" plan for the Board of Light and Power employees as excerpted from the audit report of the Board of Light and Power.

Plan Description

The Board of Light and Power (Board) contributed to the Municipal Employees Retirement System of Michigan (System), an agent multiple-employer public employee retirement system that acts as common investment and administrative agent for all Michigan municipal employees. The System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI 48917-9755.

All employee benefits, except for the executive director, vest after ten years of service. The executive director's benefits vest at eight years of service. Current Board bargaining and nonbargaining active employees who retire at or after the age of 60 with 10 years of credited service are entitled to an annual retirement benefit payable monthly in an amount equal to the sum of 2.25 percent of a members 5 year final average compensation times the number of years service credited until age 65. At age 65, or upon receipt of social security benefits, the benefit payable for life is equal to the sum of 1.7 percent times the 5 year final average compensation times the number of years of service credit. Board employees who have retired prior to July 1, 1992, at or after the age of 60 with 10 years of credited service are entitled to an annual retirement benefit payable monthly for life, in an amount

NOTE N – DEFINED BENEFIT PENSION PLAN BOARD OF LIGHT AND POWER - COMPONENT UNIT (Continued):

equal to the sum of 1.2 percent times the first \$4,200 of a member's 5 year final average compensation, plus 1.7 percent times the portion of final average compensation over \$4,200. The executive director and the management group who retire at or after the age of 60 with 10 years of credited service are entitled to an annual retirement benefit payable monthly in an amount equal to the sum of 2.5 and 2.25, respectfully, percent of a member's 5 year final average compensation times

the number of years of service credit. The System provides for early retirement benefits for all active employees at age 55 with 15 years of service at a reduced retirement benefit and with 25 years of service at age 55 without reduced benefits and age 50 with 25 years of service at a reduced benefit.

The System also provides death and disability benefits. The benefit provisions and all other requirements are established by State statute and Board ordinance.

Active employees with ten or more years of service, who become disabled receive an amount equal to the same as would be received under the normal retirement requirements, except that the reduction

for retirement before age 60 is not applied. If the disability is from service connected causes, the amount of retirement allowance shall be computed as if the member had acquired exactly 10 years of credited service, if the actually acquired credited service is less than 10 years.

If an active employee dies, the beneficiary receives a retirement allowance computed in the same manner as a service retirement allowance, but reduced to reflect Option II (100% joint and survivor) election. An employee's surviving spouse will receive a retirement allowance equal to 85% of the

deceased members or deceased vested former members accrued retirement allowance computed in the same manner as a service retirement allowance, based on service and final average compensation at time of death.

Funding Policy

Board employees are required to contribute percentages ranging from 4.7% - 4.8% of their annual salary to the System, except for the executive director's contribution which is paid by the Board. The Board is required to contribute the remaining amounts necessary to fund the System, using the actuarial basis specified by statute.

Annual Pension Cost

For the year ended June 30, 2007, the Board's annual pension cost was \$475,320. The Board's actual contributions for 2007 were \$445,391. The annual required contribution was determined as part of an actuarial valuation at December 31, 2003, using the entry age normal cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8 percent a year compounded annually, (b) projected salary increases of 4.5 percent a year compounded annually, attributable to inflation, and (c) additional projected salary increases ranging from 0.5% to 4.90% per year, depending on age, attributable to seniority/merit. The unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on an open basis over a period of 30 years.

NOTE N – DEFINED BENEFIT PENSION PLAN BOARD OF LIGHT AND POWER - COMPONENT UNIT (Continued):

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three year trend information is stated below and ten year trend information may be found on page 90.

<u>Fiscal Year Ending June 30</u>	<u>Valuation Date December 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	2002	\$352,968	99%	0
2006	2003	441,780	92%	0
2007	2004	475,320	94%	0

NOTE O – DEFINED CONTRIBUTION PENSION PLAN:

The City of Marquette provides pension benefits to Senior Management Division 15 and Middle Management Division 10 employees through a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City established the MERS Benefit Program DC in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust, as amended by and as authorized by Section 19A of the Municipal Employees' Retirement System of Michigan Plan Document. The ICMA Retirement Corporation is the Plan Administrator and the City has agreed to the commingled investment of assets of the Plan within the ICMA Retirement Trust.

At June 30, 2007, there were 7 plan members. Plan members are required to contribute 3% of covered earnings and the City is required to contribute 13% or 9% of covered earnings for the Senior Management Division and Middle Management Division, respectively. In accordance with these requirements, the City contributed \$47,769 during the current year and employees contributed \$12,640. The employees under the Plan are immediately vested.

NOTE P – DEFERRED COMPENSATION PLAN:

The City of Marquette offers its employees deferred compensation plans created in accordance with the Internal Revenue Code, Section 457. The plans are available to all Board of Light and Power employees and to all other City employees, and permit them to defer a portion of their current earnings until the employee's termination, retirement, death or unforeseeable emergency.

Due to changes in the Internal Revenue Code, the Plan's assets are considered to be property of the Plan's participants and are no longer subject to the City's general creditors. Therefore in accordance with the provisions of GASB Statement No. 32, Plan balances and activities are not reflected in these financial statements.

The Plan's participants have the right to designate how the funds will be invested. Accordingly, the City has no liability for losses under the Plan. The Plan's assets are held in trust for the exclusive benefit of the Plan's participants and their beneficiaries.

NOTE P – DEFERRED COMPENSATION PLAN (Continued):

The City's plans are administered by the Nationwide Retirement Solutions (formerly known as PEBSCO), the International City Manager's Association (ICMA), American Express Financial Advisors, Inc., and the Variable Annuity Life Insurance Company (VALIC). Nationwide and ICMA, as plan administrators, agree to hold harmless and indemnify the City, its appointed and elected officers and participating employees from any loss resulting from Nationwide or ICMA or their respective agents' failure to perform their duties and services pursuant to the ICMA and Nationwide programs.

The Component Unit's (Board of Light and Power's) plans are administered by the ICMA and Nationwide. ICMA and Nationwide, as plan administrators, agree to hold harmless and indemnify the Board, its appointed and elected officers and participating employees from any loss resulting from ICMA or Nationwide or their agents' failure to perform their duties and services pursuant to the ICMA and Nationwide programs.

NOTE Q – LONG TERM RECEIVABLES:

Internal Service Fund:

In November of 1999, the City entered into an agreement with the Downtown Development Authority (DDA), whereby the City would finance the purchase of a municipal sidewalk tractor. The financing agreement calls for payments over a seven-year period, with quarterly installments of \$3,076, including interest at 5% per annum. The balance of this long-term receivable recorded in the Motor Vehicle Equipment Fund was \$0 at June 30, 2007.

There are no more remaining principal payments to be received as of June 30, 2007.

NOTE R – ACCUMULATED COMPENSATED ABSENCES:

Sick Leave – Employees earn sick leave at the rate of one (1) day per month, not to exceed 12 days per year. Upon retirement or termination, employees in good standing after at least ten (10) years of service, shall be paid one-half such sick leave accumulated at that time up to a maximum accrual of 1,800 hours at their current rate of pay. Certain bargaining unit employees who were hired before January 1, 1975, shall be paid one-half of all sick leave hours accumulated at the time of retirement or termination. Management employees whose accrued sick leave balances were greater than 1,800 hours for the pay period of June 9, 1997 through June 22, 1997, have their sick leave balance capped at the higher hours for payout purposes at the time of retirement or termination. Management employees hired after June 30, 1998 have their accrued sick leave balance capped at 1,000 hours for payout purposes at the time of retirement or termination.

Vacation Leave – Employees earn vacation leave at various schedules dependent upon their length of employment. Upon retirement or termination, employees are paid for such vacation accumulated at that time up to a maximum accrual of 400 hours. Certain supervisory employees are paid for such vacation accumulated at that time up to a maximum accrual of 408 hours. Management employees whose accrued vacation balances were greater than 400 hours for the pay period of June 9, 1997 through June 22, 1997 have their vacation balance capped at the higher hours for payout purposes

NOTE R – ACCUMULATED COMPENSATED ABSENCES (Continued):

at the time of retirement or termination. Management employees hired after June 30, 1998 have a maximum accrual of 200 vacation hours for payout purposes at the time of retirement or termination. Fire and Police employees are paid for all accrued vacation hours accumulated at the time of retirement or termination up to certain capped levels.

Benefit Day Leave – Effective December 11, 2000, all new hired Department Heads and Middle Managers earn benefit leave dependent upon their length of employment. Current Department Heads and Middle Managers at that time had the option of remaining under the regular Vacation and Sick Leave or electing the Benefit Leave. If the Benefit Leave was elected, their accumulated vacation and sick leave was converted to benefit leave. Vacation leave was converted on a one for one basis while sick leave was converted on a two for one basis. By December 31 of every year, these employees have the option of being paid for accumulated benefit leave not to exceed 5% of their annual base pay, provided they maintain a minimum of 232.5 benefit hours. These employees have their benefit leave capped at 1,100 hours for payout purposes at the time of retirement or termination.

The liabilities for accumulated, unpaid vacation, sick and benefit leave at June 30, 2007 are as follows:

	Benefit Leave And Vacation	Sick	Total
PRIMARY GOVERNMENT:			
Current portion	\$926,773	\$23,972	\$950,745
Long-term portion	484,996	452,697	937,693
TOTAL	<u>\$1,411,769</u>	<u>\$476,669</u>	<u>\$1,888,438</u>
COMPONENT UNITS:			
Current portion	\$465,361	\$418,572	\$883,933
Long-term portion	50,693	43,287	93,980
TOTAL	<u>\$516,054</u>	<u>\$461,859</u>	<u>\$977,913</u>

NOTE S – BUDGETARY NONCOMPLIANCE:

Excesses of expenditures over appropriations in the individual government funds are as follows:

Environmental Protection Fund:	
Public health and safety	\$49,069

Budget amendments are required by State law when it appears that the actual and probable revenues from taxes and other sources in a fund are less than the estimated revenues, including an available fund balance upon which appropriations from the fund were based, which would prevent expenditures from exceeding available revenues for that current fiscal year.

NOTE T – CONTINGENCIES:

There exists certain lawsuits pending in which the City is involved. The City attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

NOTE U – JOINT VENTURE - MARQUETTE COUNTY SOLID WASTE MANAGEMENT AUTHORITY:

In June of 1988, the City of Marquette joined with 19 other municipalities to create the Marquette County Solid Waste Management Authority (Authority). The Authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair and dispose of, whether by sale, lease or otherwise, an Act 641 landfill, including all improvements, appurtenances, easements, accessory facilities and structures, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as, a solid waste disposal area under Act 641 and to establish and administer procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, and to charge and collect fees in connection with the operation of the landfill and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

As required by Governmental Accounting Standards Board Statement #14, the City's investment in this joint venture is recorded as an asset. The audited financial statements for the Marquette County Solid Waste Management Authority can be obtained at P.O. Box 936, Marquette, MI 49855.

The Authority is governed by a Board of Trustees consisting of one (1) member (who shall be the chairperson of the Board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two (2) members designated by the Marquette City Commission; three (3) members designated by the Marquette County Board of Commissioners, and one resident of the City of Marquette appointed by the other six Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

The City's share of assets, liabilities and fund equity is approximately 31 percent. Summary financial information as of and for the fiscal year ended June 30, 2007, the latest available report, is as follows:

Total Assets	\$13,425,691
Total Liabilities	1,989,798
Total Net Assets	11,435,893
Total Operating Revenues	2,374,922
Total Operating Expenses	2,817,324
Total Joint Venture's Outstanding Debt	515,000

NOTE U – JOINT VENTURE - MARQUETTE COUNTY SOLID WASTE MANAGEMENT AUTHORITY (Continued):

The City has pledged its full faith and credit for the Marquette County Solid Waste Management Authority Bonds, 1993B Issue, Refunding Bonds. These bonds are payable from the net revenues of the Authority, as well as by each member of the Authority to the extent of their pro rata share of the principal and interest requirements on the bonds. The obligation to pay a proportionate share of the principal and interest is a general obligation of each constituent municipality. Each member is authorized and obligated to levy a tax without limitation as to rate or amount for the prompt payment of its respective shares of the obligation. The City has elected to pay its share of the debt through tax levies. The proportionate share of the debt service for the City will be included in the General Fund debt service expenditures in future years. The City's proportionate share, as based on a 1990 census, is approximately 31% as of June 30, 2007.

NOTE V – RISK MANAGEMENT:

The City of Marquette is exposed to various risks of loss related to property, loss, torts, errors and omissions, and employee injuries (workmen's compensation). As of July 1, 1997 the City participates in the Michigan Municipal League Property and Liability Pool for claims relating to other liability and property claims and participates in the Michigan Municipal Workers Compensation Pool for employee injury claims.

The Michigan Municipal League risk pool programs operate as common risk-sharing\management programs for local units of government in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. The City's maximum deductible for property and liability coverage is \$75,000 per occurrence, subject to \$250,000 aggregate per policy year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City purchases commercial health care insurance from Blue Cross/Blue Shield of Michigan for all employees, including retired employees.

NOTE W – OTHER POST EMPLOYMENT BENEFITS:

The City of Marquette offers group benefit health insurance coverage under various collective bargaining agreements covering substantially all employees and former employees of the City. The amount paid for former City employees for the fiscal year ended June 30, 2007 was \$238,403. There were 130 participants eligible to receive benefits and 49 are participating. This benefit is accounted for on the "pay-as-you-go" method, whereby the City is reporting the amounts paid as expenditures in the year the amount is paid for the benefit provided. The amount paid for the component unit (Board of Light and Power) employees for the year ended June 30, 2007 was \$948,633. There were 87 participant's eligible and receiving benefits.

NOTE X – SINGLE AUDIT:

The City's audited financial statements report a total amount of federal expenditures that is more than the Single Audit threshold of \$500,000. The City, therefore, is required to have an audit in accordance with OMB Circular A-133 for the fiscal year ended June 30, 2007.

NOTE Y – EXTRAORDINARY ITEM – Component Unit:

On May 15, 2003, the Marquette Board of Light and Power's hydro properties experienced a flood event caused by the failure of a dike at the Silver Lake dam. There was significant erosion along the Dead River and the earthen embankment to the south of the #3 (Tourist Park) dam abutment was washed away. Numerous board facilities were affected by the water and debris including the hydro unit #2 Hydro Plant basement, the roads to #2 Hydro Plant and Penstock, the #3 Hydro Plant and substation, the riverbanks, and other facilities. The Board filed claims against several other parties as a result of the flood event.

As of June 30, 2007, the Board has entered into settlement agreements with the involved parties with proceeds due to the Board of \$1,725,000. All parties in this matter have dropped their lawsuits as a result of the agreements. Accordingly, the Board has recorded a receivable and the related extraordinary revenue for this amount for the fiscal year ended June 30, 2007.

NOTE Z – CONSTRUCTION IN PROGRESS:

The City of Marquette has active construction projects as of June 30, 2007. The projects include street construction and reconstruction in areas where the sanitary sewer system is being repaired, and other various street reconstruction and street improvement projects throughout the City. At year end, the City's total construction in progress expenditures in the governmental funds totaled \$3,487,003 with anticipated future expenditures on these projects amounting to \$4,827,391. The reconstruction of streets due to the sanitary sewer repair is being financed with the issue of the 2007 High Street Bonds, and a portion of the various street repairs are being financed with the issue of the 2006 Limited Tax General Obligation Bonds.

Construction in progress projects reported in the business-type activities include various sanitary sewer repairs, and the construction of conservation buffers. At year end, the City's total construction in progress expenditures in the business-type activities funds totaled \$2,024,645 with anticipated future expenditures on these projects amounting to \$655,908. A portion of the various sewer repairs are being financed with the issue of the 2006 Water Supply and Sewage System Revenue Bonds, and the conservation buffers are being financed through a grant from the State of Michigan.

Required Supplementary Information

City of Marquette, Michigan

**MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN
DEFINED BENEFIT PENSION PLAN
ANALYSIS OF FUNDING INFORMATION**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>December 31</u>	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
1997	\$13,630,932	\$15,461,563	\$1,830,631	88%	\$4,800,223	38%
1998	15,257,550	16,216,678	959,128	94	5,031,270	19
1999	16,969,765	17,430,314	460,549	97	4,909,541	9
2000	18,722,203	20,136,439	1,414,236	93	4,803,572	29
2001	20,056,537	23,113,321	3,056,784	87	5,039,800	61
2002	20,799,934	24,588,188	3,788,254	85	5,227,706	72
2003	22,629,322	25,997,838	3,368,516	87	5,393,986	62
2004	24,187,555	28,468,133	4,280,578	85	5,426,755	79
2005	25,645,477	33,158,414	7,512,937	77	5,435,528	159
2006	26,951,096	36,475,540	9,524,444	74	5,264,612	183

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending <u>June 30</u>	Valuation Date <u>December 31</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1998	1995	\$153,696	100.0%	\$0
1999	1996	295,912	100.0%	0
2000	1997	424,066	100.0%	0
2001	1998	381,485	100.0%	0
2002	1999	399,053	100.0%	0
2003	2000	456,453	100.0%	0
2004	2001	521,245	100.0%	0
2005	2002	545,201	100.0%	0
2006	2003	625,812	100.0%	0
2007	2004	700,844	100.0%	0

NOTES TO THE REQUIRED SCHEDULES

The required contribution was determined using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0% per year, compounded annually, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases ranging from 0.00% to 4.16% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on an open basis over a period of 30 years.

City of Marquette, Michigan

FIRE - POLICE RETIREMENT SYSTEM ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>December 31</u>	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded (Over funded) Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
1997	\$19,918,405	\$16,102,478	\$(3,815,927)	124%	\$2,234,522	170%
1998	22,301,497	17,189,981	(5,111,516)	130	2,248,447	227%
1999	24,690,249	18,070,456	(6,619,793)	137	2,381,956	277%
2000	26,681,186	18,922,286	(7,758,900)	141	2,477,522	313%
2001	27,995,675	20,310,485	(7,685,190)	138	2,595,193	296%
2002	27,832,278	22,046,809	(5,785,469)	126	2,669,333	216%
2003	27,564,327	23,337,401	(4,226,926)	118	2,717,024	156%
2004	27,258,447	24,686,419	(2,572,028)	110	2,888,945	89%
2005	26,904,310	26,794,398	(109,912)	100	2,782,910	4%
2006	27,011,210	27,763,814	752,604	97	2,798,271	27%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending <u>June 30</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1997	\$206,674@	100.0%	\$0
1998	220,008@	100.0%	0
1999	202,247@	100.0%	0
2000	-	-	0
2001	-	-	0
2002	-	-	0
2003	-	-	0
2004	-	-	0
2005	207,854@	100.0%	0
2006	365,370@	100.0%	0

@ In each the employer contributes exactly the actual dollar amount recommended by the actuary plus 5.0% of the actual pay during the fiscal year of both the fire chief and police chief.

NOTES TO THE REQUIRED SCHEDULES

The required contribution was determined using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.0% per year, compounded annually, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.00% to 3.50% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on an open basis. The amortization period on December 31, 2005 was 21 years for police and 20 years for fire.

City of Marquette, Michigan

**MARQUETTE BOARD OF LIGHT AND POWER
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN
DEFINED BENEFIT PENSION PLAN
ANALYSIS OF FUNDING INFORMATION**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>December 31</u>	(a) Actuarial Value of <u>Assets</u>	(b) Entry Age Actuarial Accrued <u>Liability</u>	(b-a) Unfunded Accrued Liability <u>(UAL)</u>	(a/b) Funded <u>Ratio</u>	(c) Annual Covered <u>Payroll</u>	[(b-a)/c] UAL as a Percentage of <u>Covered Payroll</u>
1997	\$14,996,905	\$14,042,518	\$(954,386)	107%	\$3,295,592	0%
1998	16,434,707	14,847,465	(1,587,241)	111	3,545,675	0
1999	18,484,644	17,553,732	(930,912)	105	3,431,413	0
2000	20,201,860	21,432,284	1,230,424	94	3,585,217	34
2001	21,249,595	22,508,331	1,258,736	94	3,720,528	34
2002	21,204,453	23,824,315	2,619,862	89	3,577,979	73
2003	21,931,156	26,001,957	4,070,801	84	3,911,098	104
2004	22,438,510	27,151,787	4,713,277	83	3,599,278	131
2005	22,841,639	28,767,850	5,926,211	79	3,522,833	168
2006	23,664,055	30,133,912	6,469,857	79	3,467,875	187

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending June 30	Valuation Date December 31	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
1998	1995	\$277,303	63.1%	\$102,306
1999	1996	249,208	61.0%	98,199
2000	1997	213,168	225.0%	0
2001	1998	229,444	164.0%	0
2002	1999	277,151	100%	0
2003	2000	276,564	100%	0
2004	2001	271,728	100%	0
2005	2002	352,968	100%	0
2006	2003	441,780	100%	0
2007	2004	475,320	100%	0

NOTES TO THE REQUIRED SCHEDULES

Commencing with the 1993 actuarial valuation, the required contribution was determined using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0% per year, compounded annually, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases ranging from 0.00% to 4.16% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on an open basis over a period of 30 years.

City of Marquette, Michigan

MAJOR GOVERNMENTAL FUNDS

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

The function of the General Fund is to record all revenues and expenditures of the City which are not accounted for in other funds. The General Fund receives revenue from many sources which are used to finance a wide range of City activities.

The major activities financed by the General Fund are Fire and Police Protection, Public Works, Parks and Recreation, City Administration and most public services.

The modified accrual basis of accounting is used in recording General Fund transactions.

SPECIAL REVENUE FUNDS

The function of the Special Revenue Funds is to record revenue and expenditures for specific functions or activities within restrictions imposed by City Charter, ordinances, resolutions and/or Federal and State statutes.

MAJOR STREET AND TRUNKLINE FUND AND LOCAL STREET FUND

Michigan's Act 51 of 1993, as amended, allocates gasoline and weight taxes to build and maintain roads, roadsides and storm sewers and to remove snow from and to control traffic along roads. These tax monies may be transferred between funds only as permitted by law. Other revenues include general taxes transferred from the General Fund. Within the City, Federal and State trunklines and certain "mile" roads are maintained by the City under contractual agreement with the State of Michigan and are subject to reimbursement to the City. The remaining mile roads and certain other roads are designated as MAJOR STREETS, maintained on a priority basis by the City, and the remaining roads are designated as LOCAL STREETS.

CAPITAL PROJECTS FUNDS

The function of Capital Projects Funds is to account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds. The modified accrual basis of accounting is used in recording Capital Projects Fund transactions. This fund records the development, improvement, and rehabilitation of City infrastructure. Operating transfers have financed the current projects.

DEBT SERVICE FUNDS

The function of the Debt Service Funds is to account for the accumulation of resources and payment of general obligation principal and interest from the governmental resources. The modified accrual basis of accounting is used in recording Debt Service Fund transactions.

FOREST LAND DEBT SERVICE FUND

This fund was established in 2005 to account for the annual payments on the Forest Land property purchase. These bonds were originally issued for \$5,000,000 for the purpose of financing property to be used for a recreation trail network and possible development. In 2007, these bonds were refunded by issuing \$5,135,000 in General Obligation Unlimited Tax Refunding Bonds, thus defeasing the original 2005 issue.

City of Marquette, Michigan
GENERAL FUND
COMPARATIVE BALANCE SHEET
June 30, 2007 and 2006

ASSETS	2007	2006
Cash and cash equivalents	\$ 760,352	\$ 892,116
Investments	3,260,231	2,797,241
Receivables:		
Taxes:		
Current	8,211,900	7,677,938
Delinquent	15,602	53,180
Accounts	219,073	123,925
Special assessment	239,217	270,812
Allowance for uncollectible accounts	(24,924)	(24,924)
Due from other funds	157,493	446,622
Due from component units	117,442	117,442
Advances to component units	-	29,158
Due from other governments:		
County	14,554	-
State	284,935	276,283
Due from other authorities	3,396,303	653,754
Inventories	93,630	108,821
Prepaid expenditures	38,176	109,948
TOTAL ASSETS	\$ 16,783,984	\$ 13,532,316
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 203,664	\$ 316,730
Retainages payable	2,759	4,342
Accrued compensated absences	687,782	702,933
Due to other funds	845,704	165,652
Due to State	108	-
Due to local units	5,195	5,228
Deferred revenue on property taxes receivable:		
Current	8,224,317	7,690,355
Delinquent	-	10,600
Deferred revenue on special assessments	239,217	270,812
TOTAL LIABILITIES	10,208,746	9,166,652
Fund Balance:		
Reserved for:		
Prepaid expenditures	38,176	109,948
Advances to other funds	-	29,158
Inventories	93,630	108,821
Encumbrances	231,113	259,219
Workers' compensation	-	-
Unreserved	6,212,319	3,858,518
TOTAL FUND BALANCE	6,575,238	4,365,664
TOTAL LIABILITIES AND FUND BALANCE	\$ 16,783,984	\$ 13,532,316

City of Marquette, Michigan

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007			2006
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Property Taxes:				
Real property tax	\$ 6,881,608	\$ 6,943,887	\$ 62,279	\$ 6,376,941
Personal property tax	491,668	377,496	(114,172)	522,019
Interest and penalty on taxes	32,500	34,986	2,486	42,088
Administrative collection fees	227,500	223,129	(4,371)	214,764
Total Property Taxes	7,633,276	7,579,498	(53,778)	7,155,812
Industrial Facilities Tax Act	29,800	30,953	1,153	5,768
Payments in Lieu of Taxes:				
MSHDA	11,000	(33,402)	(44,402)	(4,351)
Light and Power Fund	1,320,113	1,406,146	86,033	1,457,748
Public Housing Authority	(5,000)	14,298	19,298	11,452
Sault Tribe Housing Authority	3,000	1,500	(1,500)	3,000
Marquette Area Wastewater Treatment Facility	77,300	77,301	1	82,755
Orianna Ridge	16,000	16,606	606	16,211
Whetstone	18,000	13,008	(4,992)	18,942
Snowberry	27,000	27,109	109	-
Water and Sewage Disposal Fund	850,000	853,413	3,413	767,516
Total Payment in Lieu of Taxes	2,317,413	2,375,979	58,566	2,353,273
Federal and State Grants:				
UPSET	30,000	33,727	3,727	34,767
Drive Michigan Safely	10,000	-	(10,000)	-
Police Computer Forensics Lab	-	-	-	330
State Home Care Service	27,305	28,624	1,319	26,425
Community Mental Health Allocation	5,351	5,635	284	12,061
FEMA-Fire Safety	35,000	-	(35,000)	17,557
Fire Minigrants	1,000	500	(500)	950
Lighthouse Restoration	3,000	3,600	600	37,403
MEDC	-	-	-	100,000
Other	65,000	-	(65,000)	195
Traffic Safety	-	-	-	13,706
Department of Natural Resources - Snowmobile grant	9,000	-	(9,000)	12,893
Livescan Fingerprint System - federal	-	20,000	20,000	-
Livescan Fingerprint System - state	-	3,000	3,000	-
DDA MQT Commons Ice Rink pass-through	235,800	235,704	(96)	-
Council for Arts & Cultural	20,000	15,900	(4,100)	23,400
Total Federal and State Grants	441,456	346,690	(94,766)	279,687
State-Shared Revenues:				
Fire protection - State facility	125,000	235,345	110,345	156,219
Sales and use tax	2,111,000	2,055,332	(55,668)	2,078,066
Liquor licenses	19,000	22,172	3,172	20,644
Total State-Shared Revenues	2,255,000	2,312,849	57,849	2,254,929

City of Marquette, Michigan

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007			2006
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
Intergovernmental Revenues:				
NMPSA	\$ 9,800	\$ 10,168	\$ 368	\$ 11,280
MCCOA allocation - senior services	106,013	113,724	7,711	91,275
MCCOA allocation - match	29,340	28,318	(1,022)	30,934
Tribal Revenue Sharing	10,000	10,000	-	10,000
Total Intergovernmental Revenues	155,153	162,210	7,057	143,489
Licenses and Permits:				
Business licenses and permits	5,000	5,001	1	3,002
Non-business licenses and permits	26,100	28,573	2,473	25,248
Total Licenses and Permits	31,100	33,574	2,474	28,250
Charges for Services:				
Fees	249,352	304,851	55,499	332,706
Garbage transfer and disposal fees	1,600,000	1,255,621	(344,379)	1,193,368
Cemetery foundations and grave openings	36,500	36,969	469	38,764
Services to other funds	2,110,253	1,885,788	(224,465)	1,836,347
Total Charges for Services	3,996,105	3,483,229	(512,876)	3,401,185
Sales:				
Cemetery lot use	20,500	20,975	475	21,210
Travel trailer facility concessions and other	7,500	7,153	(347)	6,907
Total Sales	28,000	28,128	128	28,117
Use and Admission Fees:				
Community Center use	17,000	19,052	2,052	18,805
Travel trailer facility use	120,168	124,302	4,134	120,631
Ball fields	11,500	8,004	(3,496)	5,921
Skiing use/passes	-	148	148	82
Parking fees	14,000	15,908	1,908	14,455
Art center and theater	57,308	63,596	6,288	53,931
Total Use and Admission Fees	219,976	231,010	11,034	213,825
Fines and forfeits	92,500	99,652	7,152	95,917

City of Marquette, Michigan

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		2006	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
Rentals:				
Land and building rental	\$ 20,900	\$ 24,345	\$ 3,445	\$ 28,990
Parking rentals - lots	4,420	4,770	350	4,470
Equipment rent	13,000	27,834	14,834	9,578
Total Rentals	38,320	56,949	18,629	43,038
Special Assessments:				
Interest	22,378	12,949	(9,429)	22,353
Assessments levied	49,561	31,230	(18,331)	67,460
Total Special Assessments	71,939	44,179	(27,760)	89,813
Sale of capital assets	-	-	-	908
Contributions from private sources	86,200	124,718	38,518	107,630
Investment income	155,000	614,404	459,404	171,797
Reimbursements	9,700	49,910	40,210	53,771
Other Revenue	47,830	130,489	82,659	39,536
TOTAL REVENUES	17,608,768	17,704,421	95,653	16,466,745

EXPENDITURES:

GENERAL GOVERNMENT:

Central Administration:

Personnel services	995,822	948,292	47,530	1,105,853
Supplies	36,868	32,946	3,922	32,131
Other services and charges	904,749	641,064	263,685	484,297
Capital Outlay	5,995	5,995	-	-
Total Central Administration	1,943,434	1,628,297	315,137	1,622,281

Assessor:

Personnel services	168,340	168,299	41	166,487
Supplies	6,000	5,580	420	6,017
Other services and charges	15,000	12,848	2,152	16,669
Total Assessor	189,340	186,727	2,613	189,173

Clerk:

Personnel services	360,300	344,154	16,146	252,624
Supplies	9,250	7,319	1,931	12,503
Other services and charges	67,300	60,031	7,269	72,273
Total Clerk	436,850	411,504	25,346	337,400

City of Marquette, Michigan

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		2006	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
Information Systems:				
Personnel services	\$ 270,564	\$ 250,198	\$ 20,366	\$ 191,578
Supplies	15,300	15,268	32	23,878
Other services and charges	170,800	109,157	61,643	116,495
Capital outlay	20,604	8,144	12,460	43,668
Total Information Systems	477,268	382,767	94,501	375,619
City Hall and Grounds:				
Personnel services	56,034	57,212	(1,178)	54,546
Supplies	15,000	12,002	2,998	9,230
Other services and charges	94,050	80,866	13,184	86,459
Capital outlay	155,000	92,170	62,830	-
Total City Hall and Grounds	320,084	242,250	77,834	150,235
Cemetery:				
Personnel services	115,063	116,113	(1,050)	105,119
Supplies	6,100	7,421	(1,321)	4,517
Other services and charges	49,100	45,705	3,395	45,001
Total Cemetery	170,263	169,239	1,024	154,637
Other General Government:				
Insurance and Bonds:				
Other services and charges	150,000	128,031	21,969	136,236
Other	-	-	-	64,774
Total Other General Government	150,000	128,031	21,969	201,010
TOTAL GENERAL GOVERNMENT	3,687,239	3,148,815	538,424	3,030,355
PUBLIC HEALTH AND SAFETY:				
Police Department:				
Personnel services	2,722,892	2,702,453	20,439	2,686,482
Supplies	44,000	45,088	(1,088)	63,194
Other services and charges	209,195	201,948	7,247	186,977
Capital outlay	-	22,835	(22,835)	6,810
Total Police Department	2,976,087	2,972,324	3,763	2,943,463
Fire Department:				
Personnel services	1,776,444	1,789,189	(12,745)	1,752,514
Supplies	31,385	27,167	4,218	48,062
Other services and charges	172,782	162,924	9,858	150,981
Capital outlay	36,000	-	36,000	-
Total Fire Department	2,016,611	1,979,280	37,331	1,951,557
TOTAL PUBLIC HEALTH AND SAFETY	4,992,698	4,951,604	41,094	4,895,020

City of Marquette, Michigan

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		Variance with Final Budget Positive (Negative)	2006
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
PUBLIC WORKS:				
Public Works Maintenance:				
Personnel services	\$ 1,740,012	\$ 1,558,280	\$ 181,732	\$ 1,556,074
Supplies	101,707	102,820	(1,113)	97,313
Other services and charges	615,867	647,537	(31,670)	537,089
Capital outlay	159,545	5,511	154,034	20,400
Total Public Works Maintenance	2,617,131	2,314,148	302,983	2,210,876
 City Engineer:				
Personnel services	671,987	618,127	53,860	640,081
Supplies	11,000	9,389	1,611	10,691
Other services and charges	74,600	80,340	(5,740)	79,186
Capital outlay	13,929	13,463	466	5,497
Total City Engineer	771,516	721,319	50,197	735,455
 TOTAL PUBLIC WORKS	3,388,647	3,035,467	353,180	2,946,331
 SANITATION:				
Sanitation Services:				
Personnel services	114,100	111,340	2,760	107,629
Supplies	600	442	158	420
Other services and charges	1,499,667	1,119,109	380,558	1,083,910
TOTAL SANITATION SERVICES	1,614,367	1,230,891	383,476	1,191,959
 SOCIAL SERVICES:				
Community Mental Health Allocation:				
Personnel services	35,200	14,848	20,352	4,977
Supplies	2,410	416	1,994	300
Other services and charges	820	704	116	316
Total Community Mental Health Allocation	38,430	15,968	22,462	5,593
 State Home Care Service:				
Personnel services	55,298	40,500	14,798	28,235
Supplies	1,200	1,266	(66)	561
Other services and charges	2,260	1,590	670	1,307
Total State Home Care Service	58,758	43,356	15,402	30,103
 MCCOA - Allocation to Senior Services:				
Personnel services	192,591	178,914	13,677	93,565
Supplies	2,375	3,235	(860)	1,289
Other charges and services	6,810	4,772	2,038	2,410
Total MCCOA - Allocation to Senior Services	201,776	186,921	14,855	97,264

City of Marquette, Michigan

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		2006	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
MCCOA - Allocation to Match Grants:				
Personnel services	\$ 53,080	\$ 31,674	\$ 21,406	\$ 28,115
Supplies	240	594	(354)	260
Other charges and services	1,530	1,260	270	719
Total MCCOA - Allocation to Match Grants	54,850	33,528	21,322	29,094
TOTAL SOCIAL SERVICES	353,814	279,773	74,041	338,932
RECREATION AND CULTURE:				
Parks and Recreation Administration:				
Personnel services	276,243	274,738	1,505	267,828
Supplies	25,000	24,666	334	16,975
Other services and charges	129,999	138,135	(8,136)	115,050
Capital outlay	130,000	64,500	65,500	-
Total Parks and Recreation Administration	561,242	502,039	59,203	399,853
Shiras Pool:				
Personnel services	18,300	13,304	4,996	13,388
Supplies	7,793	8,075	(282)	4,411
Other services and charges	10,060	7,214	2,846	7,773
Total Shiras Pool	36,153	28,593	7,560	25,572
TOTAL RECREATION AND CULTURE	597,395	530,632	66,763	425,425
DEBT SERVICE:				
Principal payments	85,000	84,915	85	80,702
Interest payments	18,500	18,574	(74)	23,302
TOTAL DEBT SERVICE	103,500	103,489	11	104,004
TOTAL EXPENDITURES	14,737,660	13,280,671	1,456,989	12,932,026
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,871,108	4,423,750	1,552,642	3,534,719

City of Marquette, Michigan

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		2006	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Capital Projects Fund	\$ -	\$ 81,965	\$ 81,965	\$ -
Intermodal Transportation Fund	-	357,345	357,345	-
Cemetery Trust Fund	20,000	11,009	(8,991)	19,807
Total Operating Transfers In	20,000	450,319	430,319	19,807
Transfers (Out):				
Major Street Fund	(757,873)	(757,456)	417	(803,553)
Local Street Fund	(1,250,428)	(681,269)	569,159	(130,659)
Environmental Protection Fund	-	(35,801)	(35,801)	-
MSHDA Downtown Rental Fund	-	(17,233)	(17,233)	(27,463)
Lakeview Arena Fund	(105,484)	(86,237)	19,247	(261,630)
1998 Building Authority Lakeview Arena Debt Fund	(121,465)	(121,463)	2	(121,975)
Spring Street Debt Fund	(82,874)	(82,873)	1	(82,873)
Founders Landing Debt Fund	(293,830)	(293,829)	1	(297,204)
Forestland Debt Fund	(470,000)	(479,383)	(9,383)	(468,998)
Street Projects Debt Fund	(75,600)	-	75,600	-
High Street Debt Fund	(1,560)	-	1,560	-
Construction Fund	-	(81,534)	(81,534)	(291,885)
Stormwater Fund	-	-	-	(747,757)
Intermodal Transportation Terminal Fund	-	-	-	(64,665)
Marina Fund	(60,477)	(27,417)	33,060	(30,555)
Total Transfers (Out)	(3,219,591)	(2,664,495)	555,096	(3,329,217)
TOTAL OTHER FINANCING SOURCES (USES)	(3,199,591)	(2,214,176)	985,415	(3,309,410)
CHANGE IN FUND BALANCE	(328,483)	2,209,574	2,538,057	225,309
Fund balance, beginning of year	4,365,664	4,365,664	-	4,140,355
FUND BALANCE, END OF YEAR	\$ 4,037,181	\$ 6,575,238	\$ 2,538,057	\$ 4,365,664

City of Marquette, Michigan
MAJOR STREET AND TRUNKLINE FUND
COMPARATIVE BALANCE SHEET
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 2,371,207	\$ 2,486,027
Due from State	<u>166,293</u>	<u>171,354</u>
TOTAL ASSETS	<u>\$ 2,537,500</u>	<u>\$ 2,657,381</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 4,194	\$ 2,685
Due to other funds	<u>162,099</u>	<u>168,669</u>
TOTAL LIABILITIES	<u>166,293</u>	<u>171,354</u>
 Fund Balance	<u>2,371,207</u>	<u>2,486,027</u>
TOTAL FUND BALANCE	<u>2,371,207</u>	<u>2,486,027</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,537,500</u>	<u>\$ 2,657,381</u>

City of Marquette, Michigan

MAJOR STREET AND TRUNKLINE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007			2006
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Federal sources	\$ -	\$ -	\$ -	\$ 2,486,027
State sources	1,275,550	1,212,118	(63,432)	1,189,406
TOTAL REVENUES	<u>1,275,550</u>	<u>1,212,118</u>	<u>(63,432)</u>	<u>3,675,433</u>
EXPENDITURES:				
Highways, Streets and Bridges:				
Routine maintenance	469,524	435,803	33,721	437,571
Winter maintenance	575,986	388,819	187,167	449,841
State trunkline	95,910	73,003	22,907	53,516
Administration	340,880	340,637	243	259,632
Total Highways, Streets and Bridges	<u>1,482,300</u>	<u>1,238,262</u>	<u>244,038</u>	<u>1,200,560</u>
Capital Outlay - Construction:				
Construction	487,797	354,266	133,531	40,384
Total Capital Outlay - Construction	<u>487,797</u>	<u>354,266</u>	<u>133,531</u>	<u>40,384</u>
Debt Service:				
Principal retirement	307,000	306,986	14	293,443
Interest and fiscal charges	38,020	38,018	2	51,532
Total Debt Service	<u>345,020</u>	<u>345,004</u>	<u>16</u>	<u>344,975</u>
TOTAL EXPENDITURES	<u>2,315,117</u>	<u>1,937,532</u>	<u>377,585</u>	<u>1,585,919</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,039,567)</u>	<u>(725,414)</u>	<u>314,153</u>	<u>2,089,514</u>
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund	757,873	757,456	(417)	803,554
Transfers (out):				
Debt Service Fund	(85,950)	-	85,950	-
Construction Fund	(2,528,000)	(146,862)	2,381,138	(407,041)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,856,077)</u>	<u>610,594</u>	<u>2,466,671</u>	<u>396,513</u>
CHANGE IN FUND BALANCE	<u>(2,895,644)</u>	<u>(114,820)</u>	<u>2,780,824</u>	<u>2,486,027</u>
Fund balance, beginning of year	<u>2,486,027</u>	<u>2,486,027</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ (409,617)</u>	<u>\$ 2,371,207</u>	<u>\$ 2,780,824</u>	<u>\$ 2,486,027</u>

City of Marquette, Michigan
LOCAL STREET FUND
COMPARATIVE BALANCE SHEET
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 149,384
Due from State	<u>55,785</u>	<u>56,459</u>
TOTAL ASSETS	<u>\$ 55,785</u>	<u>\$ 205,843</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 5,439	\$ 852
Due to other funds	<u>50,346</u>	<u>55,607</u>
TOTAL LIABILITIES	<u>55,785</u>	<u>56,459</u>
 Fund Balance	<u>-</u>	<u>149,384</u>
TOTAL FUND BALANCE	<u>-</u>	<u>149,384</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 55,785</u>	<u>\$ 205,843</u>

City of Marquette, Michigan

LOCAL STREET FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		2006	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Federal sources	\$ -	\$ -	\$ -	\$ 551,536
State sources	555,000	490,885	(64,115)	581,731
TOTAL REVENUES	555,000	490,885	(64,115)	1,133,267
EXPENDITURES:				
Highways, Streets and Bridges:				
Routine maintenance	428,044	416,686	11,358	410,804
Winter maintenance	521,132	374,406	146,726	373,381
Administration	238,394	236,044	2,350	263,199
Total Highways, Streets and Bridges	1,187,570	1,027,136	160,434	1,047,384
Capital Outlay - Construction:				
Construction	15,003	13,600	1,403	113
Total Capital Outlay - Construction	15,003	13,600	1,403	113
Debt Service:				
Principal retirement	33,020	33,014	6	31,557
Interest and fiscal charges	4,100	4,088	12	5,542
Total Debt Service	37,120	37,102	18	37,099
TOTAL EXPENDITURES	1,239,693	1,077,838	161,855	1,084,596
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(684,693)	(586,953)	97,740	48,671
OTHER FINANCING SOURCES (USES):				
Transfers in- General Fund	1,399,812	681,269	(718,543)	130,659
Transfers (out) - Debt Service Fund	(119,148)	-	119,148	-
Transfers (out) - Construction Fund	(609,000)	(243,700)	365,300	(29,946)
TOTAL OTHER FINANCING SOURCES (USES)	671,664	437,569	(234,095)	100,713
CHANGE IN FUND BALANCE	(13,029)	(149,384)	(136,355)	149,384
Fund balance, beginning of year	149,384	149,384	-	-
FUND BALANCE, END OF YEAR	\$ 136,355	\$ -	\$ (136,355)	\$ 149,384

City of Marquette, Michigan
CONSTRUCTION FUND
COMPARATIVE BALANCE SHEET
 June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 3,814,058	\$ 56,404
Accounts receivable	344,525	344,526
Due from other funds	<u>1,693,175</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 5,851,758</u></u>	<u><u>\$ 400,930</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	<u>\$ 1,379,729</u>	<u>\$ 42,674</u>
TOTAL LIABILITIES	<u>1,379,729</u>	<u>42,674</u>
 Fund Balance	<u>4,472,029</u>	<u>358,256</u>
TOTAL FUND BALANCE	<u>4,472,029</u>	<u>358,256</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 5,851,758</u></u>	<u><u>\$ 400,930</u></u>

City of Marquette, Michigan

CONSTRUCTION FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		2006	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
State and Federal sources	\$ -	\$ 41,503	\$ 41,503	\$ 547,762
Investment income	-	213,183	213,183	63,416
TOTAL REVENUES	-	254,686	254,686	611,178
EXPENDITURES:				
Capital Outlay:				
Public works	911,080	384,781	526,299	1,282,772
Highways, streets and bridges	14,363,723	3,007,939	11,355,784	512,031
Other - Bond Issuance Costs	-	43,463	(43,463)	-
TOTAL EXPENDITURES	15,274,803	3,436,183	11,838,620	1,794,803
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,274,803)	(3,181,497)	12,093,306	(1,183,625)
OTHER FINANCING SOURCES (USES):				
Issuance of debt	7,779,803	5,684,061	(2,095,742)	-
Transfers in:				
General Fund	-	81,534	81,534	291,885
Major Street Fund	2,528,000	146,862	(2,381,138)	407,041
Local Street Fund	609,000	243,700	(365,300)	29,946
Stormwater Utility Fund	15,000	148,640	133,640	-
Water & Sewer Fund	4,343,000	1,072,438	(3,270,562)	-
Transfers (out):				
General Fund	-	(81,965)	(81,965)	-
TOTAL OTHER FINANCING SOURCES	15,274,803	7,295,270	(7,979,533)	728,872
CHANGE IN FUND BALANCE	-	4,113,773	4,113,773	(454,753)
Fund balance, beginning of year	358,256	358,256	-	813,009
FUND BALANCE, END OF YEAR	\$ 358,256	\$ 4,472,029	\$ 4,113,773	\$ 358,256

City of Marquette, Michigan
FORESTLAND - DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
 June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 64,028
Accounts receivable	35,000	-
Due from other funds	<u>298,078</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 333,078</u></u>	<u><u>\$ 64,028</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Cash overdraft	<u>\$ 203,382</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>203,382</u>	<u>-</u>
Fund Balance:		
Reserved for Debt Service	<u>129,696</u>	<u>64,028</u>
TOTAL FUND BALANCE	<u>129,696</u>	<u>64,028</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 333,078</u></u>	<u><u>\$ 64,028</u></u>

City of Marquette, Michigan

FORESTLAND - DEBT SERVICE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		2006	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Professional and contractual	-	255,333	(255,333)	209,984
Principal	231,000	-	231,000	-
Interest and fiscal charges	239,000	214,608	24,392	194,986
TOTAL EXPENDITURES	470,000	469,941	59	404,970
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(470,000)	(469,941)	59	(404,970)
OTHER FINANCING SOURCES (USES):				
Bond Issuance	-	5,135,000	5,135,000	-
Premium on Bond Issuance	-	3,792	3,792	-
Payment to refunded bond escrow agent	-	(5,082,566)	(5,082,566)	-
Transfers in:				
General Fund	470,000	479,383	9,383	468,998
TOTAL OTHER FINANCING SOURCES	470,000	535,609	65,609	468,998
CHANGES IN FUND BALANCE	-	65,668	65,668	64,028
Fund balance, beginning of year	64,028	64,028	-	-
FUND BALANCE, END OF YEAR	\$ 64,028	\$ 129,696	\$ 65,668	\$ 64,028

City of Marquette, Michigan

NONMAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS

The function of the Special Revenue Funds is to record revenue and expenditures for specific functions or activities within restrictions imposed by City Charter, ordinances, resolutions and/or Federal and State statutes. The modified accrual basis of accounting is used in recording Special Revenue Fund transactions.

ENVIRONMENTAL PROTECTION FUND: To account for the State of Michigan Site Reclamation Grant to be used for the environmental clean-up of City owned property at the corner of Washington and McClellan.

CRIMINAL JUSTICE TRAINING FUND: To account for the funds received from the State of Michigan for the purpose of ongoing training in the police department.

MSHDA DOWNTOWN RENTAL FUND: To account for the expenditures and revenues associated with the Michigan State Housing Development Authority Downtown Rental grant.

MSHDA HOMEOWNER REPAIR FUND: To account for the expenditures and revenues associated with the Michigan State Housing Development Authority Downtown Homeowner grant.

LAKEVIEW ARENA FUND: To record revenues and expenditures associated with the operation of the Lakeview Arena facility.

DEBT SERVICE FUNDS

The function of the Debt Service Funds is to account for the accumulation of resources and payment of general obligation principal and interest from the governmental resources. The modified accrual basis of accounting is used in recording Debt Service Fund transactions.

1998 BUILDING AUTHORITY MUNICIPAL CENTER DEBT SERVICE FUND: This fund was established in 1999 to account for the retirement of the 1998 Building Authority Refunding Bonds. These bonds, totaling \$4,535,000, were issued to advance refund a portion of the 1991 Building Authority Bonds.

1998 BUILDING AUTHORITY LAKEVIEW ARENA DEBT SERVICE FUND: This fund was established in 1999 to account for the retirement of the 1998 Building Authority Bonds – Lakeview Arena. These bonds, totaling \$1,000,000, were issued for the purpose of defraying the cost of renovating, constructing, furnishing, and equipping improvements to the existing Lakeview Arena building.

2003 FOUNDERS LANDING DEBT SERVICE FUND: This fund was established in 2004 to account for the retirement of the 2003 General Obligation Bonds. These bonds, totaling \$3,935,000, were issued for the purpose of reimbursing the City for certain costs relating to the acquisition of waterfront property for the City's park system, and paying the costs of designing, engineering, acquiring, preparing, constructing and equipping various park improvements.

2004 SPRING STREET DEBT SERVICE FUND: This fund was established in 2004 to account for the annual payments on the State Infrastructure Bank Note. This note was originally issued for \$1,243,100 for the purpose of financing transportation infrastructure improvements through the County Road (CR) 550 Flood Repair and Spring Street Reconstruction project.

PERMANENT FUNDS

The function of Permanent Funds is to account for funds where only the interest earnings may be used. The principal cannot be spent. The accrual basis of accounting is used in recording Permanent Fund transactions.

CEMETERY FUND: This fund is used to account for monies received for care of cemetery lots. The principal amount must be maintained intact and invested. Interest earnings are used to offset the City's cost of the cemetery maintenance.

City of Marquette, Michigan

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

June 30, 2007

	Special Revenue Funds	Debt Service Funds	Permanent Funds	Total
ASSETS				
Cash and cash equivalents	\$ 61,361	\$ -	\$ 37,112	\$ 98,473
Investments	-	-	530,359	530,359
Accounts receivable, net	62,108	-	900	63,008
Due from other funds	84,737	-	-	84,737
Prepaid expenses	692	-	-	692
TOTAL ASSETS	\$ 208,898	\$ -	\$ 568,371	\$ 777,269
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Cash overdraft	\$ 89,201	\$ -	\$ -	\$ 89,201
Accounts payable	15,793	-	-	15,793
TOTAL LIABILITIES	104,994	-	-	104,994
FUND BALANCE:				
Reserved for:				
Capital Outlay	40,036	-	-	40,036
Other	-	-	568,371	568,371
Unreserved, reported in:				
Special revenue funds	63,868	-	-	63,868
TOTAL FUND BALANCE	103,904	-	568,371	672,275
TOTAL LIABILITIES AND FUND BALANCE	\$ 208,898	\$ -	\$ 568,371	\$ 777,269

City of Marquette, Michigan

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2007

	Special Revenue Funds	Debt Service Funds	Permanent Funds	Total
REVENUES:				
State and Federal sources	\$ 64,934	\$ -	\$ -	\$ 64,934
Charges for services	5,905	-	20,193	26,098
Sales	149,835	-	-	149,835
Admission and usage	449,382	-	-	449,382
Rentals	101,577	-	-	101,577
Investment income	269	-	11,009	11,278
Other	30,813	-	-	30,813
TOTAL REVENUES	802,715	-	31,202	833,917
EXPENDITURES:				
Current operations:				
General government	-	-	139	139
Public health and safety	57,339	-	-	57,339
Community development	75,420	-	-	75,420
Recreation and culture	794,913	-	-	794,913
Debt service				
Retirement of principal	-	527,873	-	527,873
Interest and fiscal charges	-	353,705	-	353,705
TOTAL EXPENDITURES	927,672	881,578	139	1,809,389
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(124,957)	(881,578)	31,063	(975,472)
OTHER FINANCING SOURCES (USES):				
Transfers in	139,271	881,578	-	1,020,849
Transfers (out)	-	-	(11,009)	(11,009)
TOTAL OTHER FINANCING SOURCES (USES)	139,271	881,578	(11,009)	1,009,840
CHANGE IN FUND BALANCE	14,314	-	20,054	34,368
Fund balance, beginning of year	89,590	-	548,317	637,907
FUND BALANCE, END OF YEAR	\$ 103,904	\$ -	\$ 568,371	\$ 672,275

City of Marquette, Michigan

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2007

	Environmental Protection Fund	Criminal Justice Training Fund	MSHDA Downtown Rental Fund	MSHDA Homeowner Repair Fund	Lakeview Arena Fund	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ 15,969	\$ 45,392	\$ -	\$ -	\$ 61,361
Accounts receivable, net	-	-	-	-	62,108	62,108
Due from other funds	-	-	-	-	84,737	84,737
Prepaid expenses	-	-	-	-	692	692
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 15,969</u>	<u>\$ 45,392</u>	<u>\$ -</u>	<u>\$ 147,537</u>	<u>\$ 208,898</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES:						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 89,201	\$ 89,201
Accounts payable	-	576	-	-	15,217	15,793
TOTAL LIABILITIES	<u>-</u>	<u>576</u>	<u>-</u>	<u>-</u>	<u>104,418</u>	<u>104,994</u>
FUND BALANCE:						
Reserved for:						
Capital Outlay	-	-	-	-	40,036	40,036
Unreserved	-	15,393	45,392	-	3,083	63,868
TOTAL FUND BALANCE	<u>-</u>	<u>15,393</u>	<u>45,392</u>	<u>-</u>	<u>43,119</u>	<u>103,904</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 15,969</u>	<u>\$ 45,392</u>	<u>\$ -</u>	<u>\$ 147,537</u>	<u>\$ 208,898</u>

City of Marquette, Michigan

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2007

	Environmental Protection Fund	Criminal Justice Training Fund	MSHDA Downtown Rental Fund	MSHDA Homeowner Repair Fund	Lakeview Arena Fund	Total
REVENUES:						
Federal and State sources	\$ -	\$ 7,743	\$ 57,191	\$ -	\$ -	\$ 64,934
Charges for services	-	-	-	-	5,905	5,905
Sales	-	-	-	-	149,835	149,835
Admission and usage	-	-	-	-	449,382	449,382
Rentals	-	-	-	-	101,577	101,577
Investment income	-	269	-	-	-	269
Other	-	-	28,836	-	1,977	30,813
TOTAL REVENUES	-	8,012	86,027	-	708,676	802,715
EXPENDITURES:						
Current operations:						
Public health and safety	-	8,270	-	-	-	8,270
Community development	-	-	75,420	-	-	75,420
Recreation and culture	-	-	-	-	794,913	794,913
Other	49,069	-	-	-	-	49,069
TOTAL EXPENDITURES	49,069	8,270	75,420	-	794,913	927,672
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(49,069)	(258)	10,607	-	(86,237)	(124,957)
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	35,801	-	17,245	(12)	86,237	139,271
TOTAL OTHER FINANCING SOURCES (USES)	35,801	-	17,245	(12)	86,237	139,271
CHANGES IN FUND BALANCE	(13,268)	(258)	27,852	(12)	-	14,314
Fund balance, beginning of year	13,268	15,651	17,540	12	43,119	89,590
FUND BALANCE, END OF YEAR \$	-	\$ 15,393	\$ 45,392	\$ -	\$ 43,119	\$ 103,904

City of Marquette, Michigan
ENVIRONMENTAL PROTECTION FUND
COMPARATIVE BALANCE SHEET
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 14,084
Due from State	-	52,857
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 66,941</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	\$ -	\$ 53,673
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>-</u>	<u>53,673</u>
 Fund Balance	<u>-</u>	<u>13,268</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 66,941</u>

City of Marquette, Michigan

ENVIRONMENTAL PROTECTION FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007			2006
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Other	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Public Health and Safety:				
Other	-	49,069	(49,069)	-
TOTAL EXPENDITURES	-	49,069	(49,069)	-
EXCESS REVENUES OVER (UNDER) EXPENDITURES	-	(49,069)	49,069	-
OTHER FINANCING SOURCES:				
Transfers In	-	35,801	(35,801)	-
TOTAL OTHER FINANCING SOURCES	-	35,801	(35,801)	-
CHANGE IN FUND BALANCE	-	(13,268)	13,268	-
Fund balance, beginning of year	13,268	13,268	-	13,268
FUND BALANCE, END OF YEAR	<u>\$ 13,268</u>	<u>\$ -</u>	<u>\$ 13,268</u>	<u>\$ 13,268</u>

City of Marquette, Michigan
CRIMINAL JUSTICE TRAINING FUND
COMPARATIVE BALANCE SHEET
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	<u>\$ 15,969</u>	<u>\$ 15,909</u>
TOTAL ASSETS	<u><u>\$ 15,969</u></u>	<u><u>\$ 15,909</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	<u>\$ 576</u>	<u>\$ 258</u>
TOTAL LIABILITIES	<u>576</u>	<u>258</u>
Fund Balance	<u>15,393</u>	<u>15,651</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 15,969</u></u>	<u><u>\$ 15,909</u></u>

City of Marquette, Michigan

CRIMINAL JUSTICE TRAINING FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007			2006
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
State sources	\$ 8,000	\$ 7,743	\$ (257)	\$ 8,083
Investment income	500	269	(231)	580
TOTAL REVENUES	<u>8,500</u>	<u>8,012</u>	<u>(488)</u>	<u>8,663</u>
EXPENDITURES:				
Public Health and Safety:				
Training	<u>8,500</u>	<u>8,270</u>	<u>230</u>	<u>7,020</u>
TOTAL EXPENDITURES	<u>8,500</u>	<u>8,270</u>	<u>230</u>	<u>7,020</u>
CHANGE IN FUND BALANCE	-	(258)	(258)	1,643
Fund balance, beginning of year	<u>15,651</u>	<u>15,651</u>	<u>-</u>	<u>14,008</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 15,651</u></u>	<u><u>\$ 15,393</u></u>	<u><u>\$ (258)</u></u>	<u><u>\$ 15,651</u></u>

City of Marquette, Michigan
MSHDA DOWNTOWN RENTAL FUND
COMPARATIVE BALANCE SHEET
June 30, 2007 and 2006

ASSETS	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 45,392	\$ -
Due from other governments	-	17,711
Prepaid expenses	-	8
	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 45,392</u></u>	<u><u>\$ 17,719</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ -	\$ 179
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>-</u>	<u>179</u>
 Fund Balance:		
Unreserved	<u>45,392</u>	<u>17,540</u>
TOTAL FUND BALANCE	<u>45,392</u>	<u>17,540</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 45,392</u></u>	<u><u>\$ 17,719</u></u>

City of Marquette, Michigan

MSHDA DOWNTOWN RENTAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007			2006
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Federal sources	\$ 53,638	\$ 57,191	\$ 3,553	\$ 84,302
Other	22,878	28,836	5,958	54,303
TOTAL REVENUES	<u>76,516</u>	<u>86,027</u>	<u>9,511</u>	<u>138,605</u>
EXPENDITURES:				
Community Development:				
Salaries and wages	12,800	13,300	(500)	26,699
Fringe benefits	5,650	2,514	3,136	14,636
Other services and charges	73,395	59,606	13,789	111,626
TOTAL EXPENDITURES	<u>91,845</u>	<u>75,420</u>	<u>16,425</u>	<u>152,961</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(15,329)</u>	<u>10,607</u>	<u>25,936</u>	<u>(14,356)</u>
OTHER FINANCING SOURCES:				
Transfers In		17,245	17,245	27,463
TOTAL OTHER FINANCING (USES)	<u>-</u>	<u>17,245</u>	<u>17,245</u>	<u>27,463</u>
CHANGE IN FUND BALANCE	<u>(15,329)</u>	<u>27,852</u>	<u>43,181</u>	<u>13,107</u>
Fund balance, beginning of year	17,540	17,540	-	4,433
FUND BALANCE, END OF YEAR	<u>\$ 2,211</u>	<u>\$ 45,392</u>	<u>\$ 43,181</u>	<u>\$ 17,540</u>

City of Marquette, Michigan
MSHDA HOMEOWNER REPAIR FUND
COMPARATIVE BALANCE SHEET
June 30, 2007 and 2006

ASSETS	<u>2007</u>	<u>2006</u>
Cash	<u>\$ -</u>	<u>\$ 12</u>
TOTAL ASSETS	<u><u>\$ -</u></u>	<u><u>\$ 12</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
 Fund Balance:		
Unreserved	<u>-</u>	<u>12</u>
TOTAL FUND BALANCE	<u>-</u>	<u>12</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ 12</u></u>

City of Marquette, Michigan

MSHDA HOMEOWNER REPAIR FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007			2006
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
State sources	\$ -	\$ -	\$ -	\$ 7,070
Other	-	-	-	12,997
TOTAL REVENUES	-	-	-	20,067
EXPENDITURES:				
Community Development:				
Other services and charges	-	-	-	20,055
TOTAL EXPENDITURES	-	-	-	20,055
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	12
OTHER FINANCING (USES):				
Transfers (Out) - MSHDA Downtown Rental Fund	-	(12)	(12)	-
TOTAL OTHER FINANCING SOURCES	-	(12)	(12)	-
CHANGE IN FUND BALANCE	-	(12)	(12)	12
Fund balance, beginning of year	12	12	-	-
FUND BALANCE, END OF YEAR	\$ 12	\$ -	\$ (12)	\$ 12

City of Marquette, Michigan

LAKEVIEW ARENA FUND

COMPARATIVE BALANCE SHEET

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 46,894
Accounts receivable	62,108	5,152
Due from other funds	84,737	-
Prepaid expenses	<u>692</u>	<u>2,659</u>
TOTAL ASSETS	<u>\$ 147,537</u>	<u>\$ 54,705</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Cash overdraft	\$ 89,201	\$ -
Accounts payable	<u>15,217</u>	<u>11,586</u>
TOTAL LIABILITIES	<u>104,418</u>	<u>11,586</u>
 Fund Balance:		
Reserved for capital outlay	40,036	35,036
Unreserved	<u>3,083</u>	<u>8,083</u>
TOTAL FUND BALANCE	<u>43,119</u>	<u>43,119</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 147,537</u>	<u>\$ 54,705</u>

City of Marquette, Michigan

LAKEVIEW ARENA FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007			2006
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Charges for services	\$ 9,500	\$ 5,905	\$ (3,595)	\$ 10,360
Sales	165,000	149,835	(15,165)	145,654
Use and Admission Fees:				
Ice arena use	465,000	422,725	(42,275)	332,234
Arena events	25,000	26,657	1,657	34,565
Total Use and Admission Fees	490,000	449,382	(40,618)	366,799
Rentals	78,500	101,577	23,077	92,073
Other	3,951	1,977	(1,974)	776
TOTAL REVENUES	746,951	708,676	(38,275)	615,662
EXPENDITURES:				
Recreation and Culture:				
Personnel services	315,008	320,436	(5,428)	400,964
Supplies	111,142	98,188	12,954	102,922
Other services and charges	421,285	376,289	44,996	373,406
Total Recreation and Culture	847,435	794,913	52,522	877,292
Capital Outlay:				
Vehicles	5,000	-	5,000	-
Total Capital Outlay	5,000	-	5,000	-
TOTAL EXPENDITURES	852,435	794,913	57,522	877,292
EXCESS OF REVENUES (UNDER) EXPENDITURES	(105,484)	(86,237)	19,247	(261,630)
OTHER FINANCING SOURCES				
Transfers in- General Fund	105,484	86,237	(19,247)	261,630
TOTAL OTHER FINANCING SOURCES (USES)	105,484	86,237	(19,247)	261,630
CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	43,119	43,119	-	43,119
FUND BALANCE, END OF YEAR	\$ 43,119	\$ 43,119	\$ -	\$ 43,119

City of Marquette, Michigan

NON-MAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

June 30, 2007

	1998 Municipal Center Fund	1998 Lakeview Arena Fund	2003 Founders Landing Fund	2004 Spring Street Fund	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE:					
Reserved for:					
Retirement of debt	-	-	-	-	-
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Marquette, Michigan

NON-MAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2007

	1998 Municipal Service Center Fund	1998 Arena Debt Service Fund	2003 Founders Landing Fund	2004 Spring Street Fund	Total
REVENUES:					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES:					
Debt service					
Principal retirement	185,000	110,000	150,000	82,873	527,873
Interest and fiscal charges	198,413	11,463	143,829	-	353,705
TOTAL EXPENDITURES	383,413	121,463	293,829	82,873	881,578
EXCESS OF REVENUES (UNDER) EXPENDITURES	(383,413)	(121,463)	(293,829)	(82,873)	(881,578)
OTHER FINANCING SOURCES:					
Transfers In	383,413	121,463	293,829	82,873	881,578
TOTAL OTHER FINANCING SOURCES	383,413	121,463	293,829	82,873	881,578
CHANGES IN FUND BALANCE	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -

City of Marquette, Michigan

1998 BUILDING AUTHORITY MUNICIPAL SERVICE CENTER - DEBT SERVICE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007			2006
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal	185,000	185,000	-	175,000
Interest and fiscal charges	198,420	198,413	7	206,113
TOTAL EXPENDITURES	383,420	383,413	7	381,113
EXCESS OF REVENUES (UNDER) EXPENDITURES	(383,420)	(383,413)	7	(381,113)
OTHER FINANCING SOURCES:				
Transfers in:				
Municipal Service Center Fund	383,420	383,413	(7)	381,113
TOTAL OTHER FINANCING SOURCES	383,420	383,413	(7)	381,113
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

City of Marquette, Michigan

1998 BUILDING AUTHORITY LAKEVIEW ARENA - DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007			2006
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal	110,000	110,000	-	105,000
Interest and fiscal charges	11,465	11,463	2	16,975
TOTAL EXPENDITURES	121,465	121,463	2	121,975
EXCESS OF REVENUES (UNDER) EXPENDITURES	(121,465)	(121,463)	2	(121,975)
OTHER FINANCING SOURCES:				
Transfers in:				
General Fund	121,465	121,463	(2)	121,975
TOTAL OTHER FINANCING SOURCES	121,465	121,463	(2)	121,975
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

City of Marquette, Michigan

2003 FOUNDERS LANDING - DEBT SERVICE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		2006	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal	150,000	150,000	-	150,000
Interest and fiscal charges	143,830	143,829	1	147,204
TOTAL EXPENDITURES	293,830	293,829	1	297,204
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(293,830)	(293,829)	1	(297,204)
OTHER FINANCING SOURCES:				
Transfers in:				
General Fund	293,830	293,829	(1)	297,204
TOTAL OTHER FINANCING SOURCES	293,830	293,829	(1)	297,204
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

City of Marquette, Michigan

2004 SPRING STREET - DEBT SERVICE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007			2006
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal	82,874	82,873	1	82,873
TOTAL EXPENDITURES	82,874	82,873	1	82,873
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(82,874)	(82,873)	1	(82,873)
OTHER FINANCING SOURCES:				
Transfers in:				
General Fund	82,874	82,873	(1)	82,873
TOTAL OTHER FINANCING SOURCES	82,874	82,873	(1)	82,873
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

City of Marquette, Michigan
CEMETERY FUND
COMPARATIVE BALANCE SHEET
 June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 37,112	\$ 27,857
Investments	530,359	520,035
Accounts receivable	<u>900</u>	<u>425</u>
TOTAL ASSETS	<u>\$ 568,371</u>	<u>\$ 548,317</u>
 FUND BALANCE		
Reserved for Cemetery	<u>\$ 568,371</u>	<u>\$ 548,317</u>
TOTAL FUND BALANCE	<u>\$ 568,371</u>	<u>\$ 548,317</u>

City of Marquette, Michigan

CEMETERY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007	2006
REVENUES:		
Charges for services	\$ 20,193	\$ 21,628
Investment income	11,009	19,713
	<u>31,202</u>	<u>41,341</u>
TOTAL REVENUES	<u>31,202</u>	<u>41,341</u>
EXPENDITURES:		
Current operations:		
General government	139	1,854
	<u>139</u>	<u>1,854</u>
TOTAL EXPENDITURES	<u>139</u>	<u>1,854</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>31,063</u>	<u>39,487</u>
OTHER FINANCING (USES):		
Transfers (out)	(11,009)	(19,807)
	<u>(11,009)</u>	<u>(19,807)</u>
TOTAL OTHER FINANCING (USES)	<u>(11,009)</u>	<u>(19,807)</u>
CHANGE IN FUND BALANCE	20,054	19,680
Fund balance, beginning of year	548,317	528,637
FUND BALANCE, END OF YEAR	<u>\$ 568,371</u>	<u>\$ 548,317</u>

City of Marquette, Michigan

ENTERPRISE FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

The function of the Enterprise Funds is to record the financing, acquisition, operation and maintenance of City activities that are predominantly self-supporting from user charges.

The accrual basis of accounting is used in recording Enterprise Fund transactions.

The Nonmajor Enterprise Funds of the City are the Marina and Intermodal Transportation Funds. The Major Enterprise Funds of the City are the Water Supply and Sewage Disposal, and Stormwater Utility Funds.

MARINA FUND: To account for activity at the City operated marinas.

INTERMODAL TRANSPORTATION TERMINAL FUND: To account for operation of the City owned transportation terminal used by the County-wide Mass Transit Bus System.

WATER SUPPLY AND SEWAGE DISPOSAL FUND: To account for water and sewer usage.

STORMWATER UTILITY FUND: To account for the management of stormwater related activities including billing, maintenance and construction.

City of Marquette, Michigan
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2007

	Marina Fund	Intermodal Transportation Terminal Fund	Total
ASSETS			
Current Assets:			
Accounts receivable	\$ 1,081	\$ -	\$ 1,081
Unamortized bond issue costs	6,165	-	6,165
Inventory	16,961	-	16,961
Prepaid expenses	319	-	319
TOTAL CURRENT ASSETS	24,526	-	24,526
Non-current Assets:			
Restricted Assets:			
Bond Reserve Fund	50,159	-	50,159
Bond and Interest Redemption Fund	309,916	-	309,916
Total Restricted Assets	360,075	-	360,075
Property, plant, and equipment	3,774,597	-	3,774,597
Accumulated depreciation	(1,574,378)	-	(1,574,378)
TOTAL NON-CURRENT ASSETS	2,560,294	-	2,560,294
TOTAL ASSETS	2,584,820	-	2,584,820
LIABILITIES			
Current Liabilities:			
Cash overdraft	35,217	-	35,217
Accounts payable	11,129	-	11,129
Due to other funds	142,256	-	142,256
Customer deposits payable	9,261	-	9,261
Current portion of long-term debt	70,000	-	70,000
Accrued interest payable	3,100	-	3,100
TOTAL CURRENT LIABILITIES	270,963	-	270,963
Non-current Liabilities:			
Bonds payable	460,000	-	460,000
Deferred amounts on refunding	(23,453)	-	(23,453)
TOTAL NON-CURRENT LIABILITIES	436,547	-	436,547
TOTAL LIABILITIES	707,510	-	707,510
NET ASSETS			
Invested in capital assets net of related debt	1,670,219	-	1,670,219
Unrestricted	207,091	-	207,091
TOTAL NET ASSETS	\$ 1,877,310	\$ -	\$ 1,877,310

City of Marquette, Michigan

NON-MAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2007

	Marina Fund	Intermodal Transportation Terminal Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 674	\$ 26,631	\$ 27,305
Other	284,164	-	284,164
TOTAL OPERATING REVENUES	284,838	26,631	311,469
OPERATING EXPENSES:			
General and administrative	238,001	24,139	262,140
Depreciation	135,135	23,028	158,163
TOTAL OPERATING EXPENSES	373,136	47,167	420,303
OPERATING (LOSS)	(88,298)	(20,536)	(108,834)
NON-OPERATING REVENUES (EXPENSES):			
Investment income	16,919	883	17,802
Interest expense	(21,250)	-	(21,250)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(4,331)	883	(3,448)
NET (LOSS) BEFORE TRANSFERS IN (OUT) AND OTHER FINANCING SOURCES (USES)	(92,629)	(19,653)	(112,282)
TRANSFERS IN (OUT) AND OTHER FINANCING SOURCES (USES)			
Sale of fixed assets	-	415,642	415,642
Loss on sale of MarqTran Bldg	-	(1,327,843)	(1,327,843)
Transfers in (out)	27,417	(357,345)	(329,928)
TOTAL TRANSFERS IN (OUT) AND OTHER FINANCING SOURCES (USES)	27,417	(1,269,546)	(1,242,129)
CHANGE IN NET ASSETS	(65,212)	(1,289,199)	(1,354,411)
Net assets, beginning of year	1,942,522	1,289,199	3,231,721
NET ASSETS, END OF YEAR	\$ 1,877,310	\$ -	\$ 1,877,310

City of Marquette, Michigan

NON-MAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2007

	Marina Fund	Intermodal Transportation Terminal Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from fees and charges for services	\$ 283,342	\$ 26,631	\$ 309,973
Other operating revenues	1,475	-	1,475
Cash payments to employees for services	(62,051)	(1,856)	(63,907)
Cash payments to suppliers for goods and services	(171,510)	(23,182)	(194,692)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	51,256	1,593	52,849
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers in (out)	27,417	(357,345)	(329,928)
(Decrease) in due to local units	-	(111,083)	(111,083)
Decrease in due from other funds	-	165,652	165,652
(Decrease) in due to other funds	(26,417)	-	(26,417)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	1,000	(302,776)	(301,776)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest paid on bonds	(17,900)	-	(17,900)
Principal payments on bonds	(70,000)	-	(70,000)
Net proceeds from sale of capital assets	-	300,300	300,300
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(87,900)	300,300	212,400
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	16,918	883	17,801
(Increase) in restricted assets - Marina bonds	(16,891)	-	(16,891)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	27	883	910
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(35,617)	-	(35,617)
Cash and cash equivalents, beginning of year	400	-	400
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ (35,217)	\$ -	\$ (35,217)
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating (loss)	\$ (88,298)	\$ (20,536)	\$ (108,834)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	135,135	23,028	158,163
Amortization	881	-	881
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(21)	-	(21)
(Increase) decrease in inventory	8,859	-	8,859
(Increase) decrease in prepaid expenses	17	-	17
Increase in deposits	530	-	530
Increase (decrease) in accounts payable	(5,847)	(899)	(6,746)
NET ADJUSTMENTS	139,554	22,129	161,683
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 51,256	\$ 1,593	\$ 52,849

City of Marquette, Michigan

MARINA FUND

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 400
Accounts receivable	1,081	1,060
Unamortized bond issue costs	6,165	7,046
Inventory	16,961	25,820
Prepaid expense	<u>319</u>	<u>336</u>
TOTAL CURRENT ASSETS	<u>24,526</u>	<u>34,662</u>
Non-current Assets:		
Restricted Assets:		
Bond Reserve Fund	50,159	103,268
Bond and Interest Redemption Fund	<u>309,916</u>	<u>239,916</u>
Total Restricted Assets	<u>360,075</u>	<u>343,184</u>
Property, plant and equipment	3,774,597	3,774,597
Allowance for depreciation	<u>(1,574,378)</u>	<u>(1,439,243)</u>
TOTAL NON-CURRENT ASSETS	<u>2,560,294</u>	<u>2,678,538</u>
TOTAL ASSETS	<u>2,584,820</u>	<u>2,713,200</u>
LIABILITIES		
Current Liabilities:		
Cash overdraft	35,217	-
Accounts payable	11,129	16,977
Due to other funds	142,256	168,673
Customer deposits payable	9,261	8,731
Current portion of long-term debt	70,000	70,000
Accrued interest	<u>3,100</u>	<u>3,100</u>
TOTAL CURRENT LIABILITIES	<u>270,963</u>	<u>267,481</u>
Non-current Liabilities:		
Bonds payable	460,000	530,000
Deferred amount on refunding	<u>(23,453)</u>	<u>(26,803)</u>
TOTAL NON-CURRENT LIABILITIES	<u>436,547</u>	<u>503,197</u>
TOTAL LIABILITIES	<u>707,510</u>	<u>770,678</u>
NET ASSETS		
Invested in capital assets net of related debt	1,670,219	1,735,354
Unrestricted	<u>207,091</u>	<u>207,168</u>
TOTAL NET ASSETS	<u>\$ 1,877,310</u>	<u>\$ 1,942,522</u>

City of Marquette, Michigan

MARINA FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		2006	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Services	\$ 775	\$ 674	\$ (101)	\$ 688
Sales of supplies	80,000	105,331	25,331	98,349
Use and admission fees	26,000	30,497	4,497	33,875
Rentals	150,934	146,861	(4,073)	146,683
Other	800	1,475	675	1,701
TOTAL OPERATING REVENUES	<u>258,509</u>	<u>284,838</u>	<u>26,329</u>	<u>281,296</u>
OPERATING EXPENSES:				
Administrative and General Expenses:				
Personnel services	55,457	62,051	(6,594)	63,518
Professional services	25,524	26,282	(758)	23,224
Supplies	11,851	17,035	(5,184)	1,756
Utilities	14,700	13,399	1,301	12,706
Cost of sales	93,658	89,583	4,075	91,430
Other services and charges	43,447	28,770	14,677	21,401
Amortization	930	881	49	920
Provision for depreciation	130,000	135,135	(5,135)	136,911
TOTAL OPERATING EXPENSES	<u>375,567</u>	<u>373,136</u>	<u>2,431</u>	<u>351,866</u>
OPERATING (LOSS)	<u>(117,058)</u>	<u>(88,298)</u>	<u>28,760</u>	<u>(70,570)</u>
NON-OPERATING REVENUES (EXPENSES):				
Investment income	2,000	16,919	14,919	12,050
Interest expense	(17,900)	(21,250)	(3,350)	(22,567)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(15,900)</u>	<u>(4,331)</u>	<u>11,569</u>	<u>(10,517)</u>
(LOSS) BEFORE TRANSFERS	<u>(132,958)</u>	<u>(92,629)</u>	<u>40,329</u>	<u>(81,087)</u>
Transfers in	60,477	27,417	(33,060)	30,555
CHANGE IN NET ASSETS	<u>(72,481)</u>	<u>(65,212)</u>	<u>7,269</u>	<u>(50,532)</u>
Net assets, beginning of year	1,942,522	1,942,522	-	1,993,054
NET ASSETS, END OF YEAR	<u>\$ 1,870,041</u>	<u>\$ 1,877,310</u>	<u>\$ 7,269</u>	<u>\$ 1,942,522</u>

City of Marquette, Michigan

INTERMODAL TRANSPORTATION TERMINAL FUND

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Current Assets:		
Due from other funds	\$ -	\$165,652
TOTAL CURRENT ASSETS	<u>-</u>	<u>165,652</u>
Non-current Assets:		
Land	-	102,500
Property, plant and equipment	-	1,939,625
Allowance for depreciation	-	(806,596)
TOTAL NON-CURRENT ASSETS	<u>-</u>	<u>1,235,529</u>
TOTAL ASSETS	<u>-</u>	<u>1,401,181</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	-	899
Due to local units	-	111,083
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>111,982</u>
TOTAL LIABILITIES	<u>-</u>	<u>111,982</u>
NET ASSETS		
Invested in capital assets	-	1,235,529
Unrestricted	-	53,670
TOTAL NET ASSETS	<u>\$ -</u>	<u>\$ 1,289,199</u>

City of Marquette, Michigan

INTERMODAL TRANSPORTATION TERMINAL FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		2006	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Rentals	\$ -	\$ 26,631	\$ 26,631	\$ 35,531
TOTAL OPERATING REVENUES	-	26,631	26,631	35,531
OPERATING EXPENSES:				
Administrative and General Expenses:				
Personnel services	-	1,856	(1,856)	4,338
Professional services	-	742	(742)	7,438
Supplies	-	17	(17)	601
Utilities	-	16,199	(16,199)	32,366
Other services and charges	-	5,325	(5,325)	1,784
Provision for depreciation	-	23,028	(23,028)	39,476
TOTAL OPERATING EXPENSES	-	47,167	(47,167)	86,003
OPERATING INCOME (LOSS)	-	(20,536)	(20,536)	(50,472)
NON-OPERATING REVENUES:				
Investment income	-	883	883	-
TOTAL NON-OPERATING REVENUES	-	883	883	-
NET (LOSS) BEFORE TRANSFERS AND OTHER FINANCING USES:	-	(19,653)	(19,653)	(50,472)
TRANSFERS IN/(OUT) AND OTHER FINANCING SOURCES/(USES))				
Sale of fixed assets	443,000	415,642	(27,358)	-
Loss on sale of MarqTran Bldg	(444,950)	(1,327,843)	(882,893)	-
Transfers in/(out)	-	(357,345)	(357,345)	64,665
TOTAL TRANSFERS IN (OUT) AND OTHER FINANCING SOURCES (USES)	(1,950)	(1,269,546)	(1,267,596)	64,665
CHANGE IN NET ASSETS	(1,950)	(1,289,199)	(1,287,249)	14,193
Net assets, beginning of year	1,289,199	1,289,199	-	1,275,006
NET ASSETS, END OF YEAR	\$ 1,287,249	\$ -	\$ (1,287,249)	\$ 1,289,199

City of Marquette, Michigan

WATER SUPPLY AND SEWAGE DISPOSAL FUND

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2007 and 2006

	2007	2006
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 100,000	\$ 1,640,569
Delinquent utility bills on taxes	6,884	-
Accounts receivable - net	1,202,690	805,995
Special assessments receivable	23,971	27,083
Unamortized bond issuance cost	97,618	90,828
Inventory	134,956	133,304
Prepaid expenses	4,206	4,600
TOTAL CURRENT ASSETS	<u>1,570,325</u>	<u>2,702,379</u>
Non-current Assets:		
Restricted Assets:		
Bond Reserve Fund	50,065	50,765
Replacement Maintenance Fund	390,000	390,000
Bond and Interest Redemption Fund	35,888	34,204
Water Filtration Reserve	1,114,774	1,114,801
Bond Escrow Fund	49,918	63,032
Vacation, Sick Leave and Benefit Days Reserve	151,559	134,735
Total Restricted Assets	<u>1,792,204</u>	<u>1,787,537</u>
Property, plant and equipment	46,774,100	46,060,770
Allowance for depreciation	(14,107,570)	(13,025,050)
Construction in progress	1,970,614	-
Investment in Wastewater Facility	2,954,966	2,992,555
TOTAL NON-CURRENT ASSETS	<u>39,384,314</u>	<u>37,815,812</u>
TOTAL ASSETS	<u>40,954,639</u>	<u>40,518,191</u>
LIABILITIES		
Current Liabilities:		
Cash overdraft	464,288	-
Accounts payable	197,647	400,181
Accrued compensated absences	151,559	134,735
Due to other funds	1,129,938	-
Customer deposits payable	(75)	(75)
Current portion of notes payable	21,289	20,286
Current portion of loan payable	145,000	145,000
Current portion of capitalized lease payable	120,866	120,866
Accrued interest payable	35,267	35,267
Deferred revenue - special assessment	23,971	27,083
Current portion of bonds payable from restricted assets	710,000	640,000
TOTAL CURRENT LIABILITIES	<u>2,999,750</u>	<u>1,523,343</u>
Non-current Liabilities:		
Bonds payable	4,960,000	4,230,000
Notes payable	70,730	91,991
Loan payable	3,040,000	3,185,000
Capitalized leases payable	120,866	241,732
Premium on refunding	47,832	53,146
Deferred amounts on refunding	(214,306)	(238,213)
TOTAL NON-CURRENT LIABILITIES	<u>8,025,122</u>	<u>7,563,656</u>
TOTAL LIABILITIES	<u>11,024,872</u>	<u>9,086,999</u>
NET ASSETS		
Invested in capital assets net of related debt	25,690,125	24,723,443
Net Assets:		
Restricted for debt service	1,640,645	1,652,802
Unrestricted	2,598,997	5,054,947
TOTAL NET ASSETS	<u>\$ 29,929,767</u>	<u>\$ 31,431,192</u>

City of Marquette, Michigan

WATER SUPPLY AND SEWAGE DISPOSAL FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007			2006
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Water:				
Metered sales	\$ 2,034,250	\$ 2,079,954	\$ 45,704	\$ 1,943,660
Sales to public authorities	62,470	63,368	898	60,259
Non-tax customers	1,347,240	1,316,718	(30,522)	1,170,793
City departments	37,595	42,378	4,783	35,916
Rentals	2,000	2,297	297	2,034
Miscellaneous income	99,250	101,653	2,403	225,698
Sewage Disposal:				
Metered sales	1,615,040	1,632,438	17,398	1,562,749
Sales to public authorities	44,187	41,749	(2,438)	39,796
Non-tax customers	718,168	755,564	37,396	771,261
City departments	15,038	13,981	(1,057)	13,209
Miscellaneous income	9,000	12,848	3,848	14,232
TOTAL OPERATING REVENUES	5,984,238	6,062,948	78,710	5,839,607
OPERATING EXPENSES:				
Administrative and General:				
Salaries and wages	104,583	145,782	(41,199)	124,018
Fringe benefits	328,091	297,109	30,982	303,407
Supplies	28,350	30,339	(1,989)	19,208
Professional and contractual	354,816	383,740	(28,924)	415,596
Communications	2,000	2,124	(124)	1,833
Insurance and bonds	60,000	54,949	5,051	52,902
Utilities	635	635	-	675
Maintenance	1,000	450	550	979
Rental	25,000	26,413	(1,413)	26,011
Miscellaneous	2,620	854	1,766	1,668
Uncollectible accounts	45,000	-	45,000	69,137
Provision for depreciation	805,000	1,082,520	(277,520)	992,976
Employee safety expense	500	596	(96)	88
Schooling	3,500	4,781	(1,281)	411
Payment in lieu of taxes	853,413	853,413	-	767,516
Amortization	12,320	9,083	3,237	12,314
Capital outlay	-	9,174	(9,174)	-
Total Administrative and General	2,626,828	2,901,962	(275,134)	2,788,739
Water Treatment and Distribution:				
Personnel services	659,275	648,338	10,937	636,604
Operating supplies	154,261	149,818	4,443	130,128
Professional and contractual	165,291	163,042	2,249	137,552
Communications	1,800	1,368	432	1,794
Utilities	196,500	187,791	8,709	185,827
Maintenance	10,600	4,360	6,240	750
Rental	257,500	240,757	16,743	239,522
Security upgrades	-	-	-	6,163
Schooling	3,000	629	2,371	1,061
Total Water Treatment and Distribution	1,448,227	1,396,103	52,124	1,339,401

City of Marquette, Michigan

WATER SUPPLY AND SEWAGE DISPOSAL FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007			2006
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
Sanitary Sewer Operation and Booster Stations:				
Personnel services	\$ 215,312	\$ 237,905	\$ (22,593)	\$ 228,717
Operating supplies and repairs	45,112	49,394	(4,282)	28,936
Professional and contractual	288,172	280,718	7,454	249,461
Communications	1,500	6,786	(5,286)	6,002
Utilities	38,000	38,246	(246)	35,758
Purchased wastewater services	1,188,478	1,080,080	108,398	1,146,725
Rental	182,500	220,989	(38,489)	202,045
Total Sanitary Sewer Operation and Booster Stations	1,959,074	1,914,118	44,956	1,897,644
TOTAL OPERATING EXPENSES	6,034,129	6,212,183	(178,054)	6,025,785
OPERATING INCOME	(49,891)	(149,235)	(99,344)	(186,178)
NON-OPERATING REVENUES (EXPENSES):				
Investment income	161,664	54,289	(107,375)	204,520
Other financing sources	1,000	3,838	2,838	91,116
Interest expense	(261,090)	(300,290)	(39,200)	(314,046)
Operating income from Marquette Area Wastewater Treatment Facility	-	(37,589)	(37,589)	75,123
Transfer out	(4,343,000)	(1,072,438)	3,270,562	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(4,441,426)	(1,352,190)	3,089,236	56,713
CHANGE IN NET ASSETS	(4,491,317)	(1,501,425)	2,989,892	(129,465)
Net assets, beginning of year	31,431,192	31,431,192	-	31,560,657
NET ASSETS, END OF YEAR	\$ 26,939,875	\$ 29,929,767	\$ 2,989,892	\$ 31,431,192

City of Marquette, Michigan
STORMWATER UTILITY FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2007 and 2006

	2007	2006
ASSETS		
Current Assets:		
Accounts receivable	\$ 565,200	\$ 526,726
Allowance for uncollectible accounts	(493,995)	(493,995)
Unamortized bond issuance cost	31,510	42,014
Prepaid expense	179	199
TOTAL CURRENT ASSETS	102,894	74,944
Non-current Assets:		
Restricted Assets:		
Bond Reserve Fund	259,675	259,769
Bond Escrow Fund	38,648	38,663
Vacation, Sick Leave, and Benefit Days Reserve	6,511	6,188
Total Restricted Assets	304,834	304,620
Property, plant and equipment	6,821,450	6,817,613
Allowance for depreciation	(1,505,180)	(1,232,927)
Construction work in progress	54,031	-
TOTAL NON-CURRENT ASSETS	5,675,135	5,889,306
TOTAL ASSETS	5,778,029	5,964,250
LIABILITIES		
Current Liabilities:		
Cash overdraft	53,249	-
Accounts payable	1,523	1,167
Accrued compensated absences	6,511	6,188
Due to other funds	150,140	-
Accrued interest payable	5,386	5,386
Current portion of long-term debt	255,000	245,000
TOTAL CURRENT LIABILITIES	471,809	257,741
Non-current Liabilities:		
Bonds payable	565,000	820,000
TOTAL NON-CURRENT LIABILITIES	565,000	820,000
TOTAL LIABILITIES	1,036,809	1,077,741
NET ASSETS		
Invested in capital assets net of related debt	4,550,301	4,519,686
Net Assets:		
Restricted for debt service	298,323	298,432
Unrestricted	(107,404)	68,391
TOTAL NET ASSETS	\$ 4,741,220	\$ 4,886,509

City of Marquette, Michigan

STORMWATER UTILITY FUND

STATEMENT OF CHANGES IN REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007			2006
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
General customers	\$ 447,580	\$ 442,750	\$ (4,830)	\$ 325,245
Public authorities	26,653	26,440	(213)	19,401
Non-tax customers	151,788	165,157	13,369	119,345
City departments	245,900	231,860	(14,040)	244,961
Other charges for service	1,000	1,756	756	907
TOTAL OPERATING REVENUES	872,921	867,963	(4,958)	709,859
OPERATING EXPENSES:				
Routine Maintenance and Administration:				
Salaries and wages	155,100	148,338	6,762	143,239
Fringe benefits	73,710	78,043	(4,333)	72,987
Office supplies	970	190	780	1,015
Maintenance supplies	14,500	13,952	548	11,808
Professional and contractual	181,284	180,649	635	88,501
Rental vehicles	94,000	125,982	(31,982)	117,158
Utilities	450	450	-	480
Amortization	8,405	10,503	(2,098)	8,403
Uncollectible accounts	32,250	-	32,250	95,930
Capital outlay	-	7,721	(7,721)	-
Provision for depreciation	150,000	272,254	(122,254)	241,606
Miscellaneous	500	300	200	20,495
TOTAL OPERATING EXPENSES	711,169	838,382	(127,213)	801,622
OPERATING INCOME (LOSS)	161,752	29,581	(132,171)	(91,763)
NON-OPERATING REVENUES (EXPENSES):				
Investment income	20,000	1,963	(18,037)	14,006
Interest expense	(53,250)	(53,250)	-	(64,635)
State and Federal grants	-	25,057	25,057	9,000
TOTAL NON-OPERATING REVENUES (EXPENSES)	(33,250)	(26,230)	7,020	(41,629)
INCOME (LOSS) BEFORE TRANSFERS	128,502	3,351	(125,151)	(133,392)
Transfers in/(out)	(15,000)	(148,640)	(133,640)	747,757
CHANGE IN NET ASSETS	113,502	(145,289)	(258,791)	614,365
Net assets, beginning of year	4,886,509	4,886,509	-	4,272,144
NET ASSETS, END OF YEAR	\$ 5,000,011	\$ 4,741,220	\$ (258,791)	\$ 4,886,509

City of Marquette, Michigan

INTERNAL SERVICE FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

The function of the Internal Service Funds is to account for funds that are used to finance, administer and account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit or to other governmental units on a cost reimbursement basis.

MOTOR VEHICLE EQUIPMENT FUND: To operate as a self-supporting fund, which will be responsible for the maintenance and purchasing of vehicles and equipment utilized in various departments of the City.

MUNICIPAL SERVICE CENTER FUND: To accumulate the expenses and revenues associated with the operation of the Municipal Service Center. Building space is rented to various funds based on a square foot occupancy rate.

City of Marquette, Michigan

ALL INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

June 30, 2007

	Motor Vehicle Equipment Fund	Municipal Service Center Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ -	\$ 255,339	\$ 255,339
Accounts receivable, net	942	-	942
Due from local units	1,538	-	1,538
Inventory	31,123	-	31,123
Prepaid expenses	2,393	228	2,621
TOTAL CURRENT ASSETS	35,996	255,567	291,563
Non-current Assets:			
Restricted Assets:			
Replacement and maintenance fund	659,119	-	659,119
Vacation, sick leave and benefit reserve	97,451	7,442	104,893
Total Restricted Assets	756,570	7,442	764,012
Land and land improvements	-	251,454	251,454
Property, plant, and equipment	8,811,392	6,865,805	15,677,197
Accumulated depreciation	(6,217,167)	(2,970,465)	(9,187,632)
TOTAL NON-CURRENT ASSETS	3,350,795	4,154,236	7,505,031
TOTAL ASSETS	3,386,791	4,409,803	7,796,594
LIABILITIES			
Current Liabilities:			
Cash overdraft	286,987	-	286,987
Accounts payable	62,703	11,945	74,648
Due to other funds	1,500	1,500	3,000
Accrued compensated absences	97,451	7,442	104,893
TOTAL CURRENT LIABILITIES	448,641	20,887	469,528
TOTAL LIABILITIES	448,641	20,887	469,528
NET ASSETS			
Invested in capital assets net of related debt	2,594,225	4,146,794	6,741,019
Net Assets:			
Unrestricted	343,925	242,122	586,047
TOTAL NET ASSETS	\$ 2,938,150	\$ 4,388,916	\$ 7,327,066

City of Marquette, Michigan

ALL INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2007

	Motor Vehicle Equipment Fund	Municipal Service Center Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 1,864,276	\$ 816,000	\$ 2,680,276
Other	41,340	3,671	45,011
TOTAL OPERATING REVENUES	1,905,616	819,671	2,725,287
OPERATING EXPENSES:			
General and administrative	686,169	299,510	985,679
Depreciation	556,914	219,501	776,415
Vehicle operating expenses	1,110,356	-	1,110,356
TOTAL OPERATING EXPENSES	2,353,439	519,011	2,872,450
OPERATING INCOME (LOSS)	(447,823)	300,660	(147,163)
NON-OPERATING REVENUES:			
Investment income	42,795	3,752	46,547
Gain on sale of capital assets	36,044	-	36,044
TOTAL NON-OPERATING REVENUES	78,839	3,752	82,591
INCOME (LOSS) BEFORE TRANSFERS	(368,984)	304,412	(64,572)
Transfers (out)	-	(383,413)	(383,413)
CHANGE IN NET ASSETS	(368,984)	(79,001)	(447,985)
Net assets, beginning of year	3,307,134	4,467,917	7,775,051
NET ASSETS, END OF YEAR	\$ 2,938,150	\$ 4,388,916	\$ 7,327,066

City of Marquette, Michigan

ALL INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2007

	Motor Vehicle Equipment Fund	Municipal Service Center Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from fees and charges for services	\$ 1,881,803	\$ 816,000	\$ 2,697,803
Other operating revenues	41,340	3,671	45,011
Cash payments to employees for services	(467,954)	(89,670)	(557,624)
Cash payments to suppliers for goods and services	(1,304,038)	(208,738)	(1,512,776)
NET CASH PROVIDED BY OPERATING ACTIVITIES	151,151	521,263	672,414
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers (out)	-	(383,413)	(383,413)
(Increase) in due from local units	(853)	-	(853)
Increase in due to other funds	1,500	1,500	3,000
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	647	(381,913)	(381,266)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash payments for capital assets	(466,643)	-	(466,643)
Proceeds from sale of capital assets	36,044	-	36,044
Payments received on notes receivable	6,039	-	6,039
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(424,560)	-	(424,560)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	42,795	3,752	46,547
(Increase) decrease in restricted assets:			
Equipment reserve	(42,682)	-	(42,682)
Vacation and sick leave reserve	(14,499)	1,079	(13,420)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(14,386)	4,831	(9,555)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(287,148)	144,181	(142,967)
Cash and cash equivalents, beginning of year	161	111,158	111,319
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ (286,987)	\$ 255,339	\$ (31,648)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (447,823)	\$ 300,660	\$ (147,163)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	556,914	219,501	776,415
Change in assets and liabilities:			
Decrease in accounts receivable	17,527	-	17,527
(Increase) in inventory	(571)	-	(571)
(Increase) decrease in prepaid expenses	(162)	2,654	2,492
Increase (decrease) in accounts payable	10,767	(473)	10,294
Increase (decrease) in accrued compensated absences	14,499	(1,079)	13,420
NET ADJUSTMENTS	598,974	220,603	819,577
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 151,151	\$ 521,263	\$ 672,414

City of Marquette, Michigan

MOTOR VEHICLE EQUIPMENT FUND

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 161
Accounts receivable	942	18,469
Due from local units	1,538	685
Inventory	31,123	30,552
Prepaid expense	<u>2,393</u>	<u>2,231</u>
TOTAL CURRENT ASSETS	<u>35,996</u>	<u>52,098</u>
Non-current Assets:		
Restricted Assets:		
Equipment reserve	659,119	616,437
Vacation, sick leave and benefit day reserve	<u>97,451</u>	<u>82,952</u>
Total Restricted Assets	<u>756,570</u>	<u>699,389</u>
Long term notes receivable	-	6,039
Property, plant and equipment	8,811,392	9,051,396
Allowance for depreciation	<u>(6,217,167)</u>	<u>(6,366,900)</u>
TOTAL NON-CURRENT ASSETS	<u>3,350,795</u>	<u>3,389,924</u>
TOTAL ASSETS	<u>3,386,791</u>	<u>3,442,022</u>
LIABILITIES		
Current Liabilities:		
Cash overdraft	286,987	-
Accounts payable	62,703	51,936
Due to other funds	1,500	-
Accrued compensated absences	<u>97,451</u>	<u>82,952</u>
TOTAL CURRENT LIABILITIES	<u>448,641</u>	<u>134,888</u>
TOTAL LIABILITIES	<u>448,641</u>	<u>134,888</u>
NET ASSETS		
Invested in capital assets	2,594,225	2,684,496
Unrestricted	<u>343,925</u>	<u>622,638</u>
TOTAL NET ASSETS	<u>\$ 2,938,150</u>	<u>\$ 3,307,134</u>

City of Marquette, Michigan

MOTOR VEHICLE EQUIPMENT FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		2006	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Rentals	\$ 2,017,100	\$ 1,864,276	\$ (152,824)	\$ 1,813,900
Other	14,000	41,340	27,340	31,280
TOTAL OPERATING REVENUES	<u>2,031,100</u>	<u>1,905,616</u>	<u>(125,484)</u>	<u>1,845,180</u>
OPERATING EXPENSES:				
Vehicle Operating Expenses:				
Personnel services	515,054	482,453	32,601	521,369
Repairs and maintenance	235,355	289,043	(53,688)	245,130
Fuel	240,000	228,870	11,130	211,026
Supplies	27,639	30,404	(2,765)	23,059
Vehicle insurance	75,000	67,596	7,404	66,780
Rentals	12,000	11,990	10	10,021
Total Vehicle Operating Expenses	<u>1,105,048</u>	<u>1,110,356</u>	<u>(5,308)</u>	<u>1,077,385</u>
Administrative and General Expenses:				
Rentals	611,000	611,000	-	480,000
Professional services	66,824	66,836	(12)	61,856
Supplies	1,300	1,794	(494)	1,395
Other services and charges	7,500	6,539	961	4,951
Provision for depreciation	452,000	556,914	(104,914)	573,996
Total Administrative and General Expenses	<u>1,138,624</u>	<u>1,243,083</u>	<u>(104,459)</u>	<u>1,122,198</u>
TOTAL OPERATING EXPENSES	<u>2,243,672</u>	<u>2,353,439</u>	<u>(109,767)</u>	<u>2,199,583</u>
OPERATING INCOME (LOSS)	<u>(212,572)</u>	<u>(447,823)</u>	<u>(235,251)</u>	<u>(354,403)</u>
NON-OPERATING REVENUES (EXPENSES):				
Investment income	28,000	42,795	14,795	37,939
Gain (loss) on sale of capital assets	-	36,044	36,044	14,019
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>28,000</u>	<u>78,839</u>	<u>50,839</u>	<u>51,958</u>
CHANGE IN NET ASSETS	<u>(184,572)</u>	<u>(368,984)</u>	<u>(184,412)</u>	<u>(302,445)</u>
Net assets, beginning of year	<u>3,307,134</u>	<u>3,307,134</u>	<u>-</u>	<u>3,609,579</u>
NET ASSETS, END OF YEAR	<u>\$ 3,122,562</u>	<u>\$ 2,938,150</u>	<u>\$ (184,412)</u>	<u>\$ 3,307,134</u>

City of Marquette, Michigan
MUNICIPAL SERVICE CENTER FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2007 and 2006

	2007	2006
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 255,339	\$ 111,158
Prepaid expense	228	2,882
	<u>255,567</u>	<u>114,040</u>
TOTAL CURRENT ASSETS		
	255,567	114,040
Non-current Assets:		
Restricted Assets:		
Vacation, Sick Leave and Benefit Day Reserve	7,442	8,521
Total Restricted Assets	<u>7,442</u>	<u>8,521</u>
Land	245,566	245,566
Land improvements	5,888	5,888
Property, plant and equipment	6,865,805	6,865,805
Allowance for depreciation	<u>(2,970,465)</u>	<u>(2,750,964)</u>
TOTAL NON-CURRENT ASSETS	<u>4,154,236</u>	<u>4,374,816</u>
TOTAL ASSETS	<u>4,409,803</u>	<u>4,488,856</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	11,945	12,418
Due to other funds	1,500	-
Accrued compensated absences	<u>7,442</u>	<u>8,521</u>
TOTAL CURRENT LIABILITIES	<u>20,887</u>	<u>20,939</u>
TOTAL LIABILITIES	<u>20,887</u>	<u>20,939</u>
NET ASSETS		
Invested in capital assets	4,146,794	4,366,295
Unrestricted	<u>242,122</u>	<u>101,622</u>
TOTAL NET ASSETS	<u>\$ 4,388,916</u>	<u>\$ 4,467,917</u>

City of Marquette, Michigan

MUNICIPAL SERVICE CENTER FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007		Variance with Final Budget Positive (Negative)	2006
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
OPERATING REVENUES:				
Rentals	\$ 816,000	\$ 816,000	\$ -	\$ 640,080
Other	4,000	3,671	(329)	4,155
TOTAL OPERATING REVENUES	820,000	819,671	(329)	644,235
OPERATING EXPENSES:				
Administrative and General Expenses:				
Personnel services	79,720	88,591	(8,871)	84,640
Professional services	61,756	56,306	5,450	50,179
Supplies	28,500	21,927	6,573	21,700
Utilities	101,000	84,213	16,787	80,470
Other services and charges	53,096	48,473	4,623	33,331
Provision for depreciation	200,000	219,501	(19,501)	219,501
TOTAL OPERATING EXPENSES	524,072	519,011	5,061	489,821
OPERATING INCOME (LOSS)	295,928	300,660	4,732	154,414
NON-OPERATING REVENUES (EXPENSES):				
Investment income	10,000	3,752	(6,248)	6,535
TOTAL NON-OPERATING REVENUES (EXPENSES)	10,000	3,752	(6,248)	6,535
INCOME (LOSS) BEFORE TRANSFERS	305,928	304,412	(1,516)	160,949
Transfers (out)	(383,420)	(383,413)	7	(381,113)
CHANGE IN NET ASSETS	(77,492)	(79,001)	(1,509)	(220,164)
Net assets, beginning of year	4,467,917	4,467,917	-	4,688,081
NET ASSETS, END OF YEAR	\$ 4,390,425	\$ 4,388,916	\$ (1,509)	\$ 4,467,917

City of Marquette, Michigan

FIDUCIARY FUNDS

INDIVIDUAL FUND STATEMENTS

The function of Fiduciary funds is to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. These include (a) private-purpose trust funds, (b) pension trust funds, and (c) agency funds.

SPECIAL ACTIVITIES PRIVATE-PURPOSE TRUST FUND: This fund is used to account for the contributions from private sources restricted for special projects. The City is holding these monies in a trustee capacity.

PENSION TRUST FUND: The Fire-Police Retirement System Fund is used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by employees at fixed rates and by the City at amounts determined by an annual actuarial valuation.

AGENCY FUND: This fund is used to record the collection and payment of property taxes billed and collected by the City on behalf of the County, the School Districts, and the Intermediate School District. It is also used as a payroll clearing account type, which receives reimbursing payments from other funds.

The accrual basis of accounting is used in recording Fiduciary Fund transactions.

City of Marquette, Michigan

SPECIAL ACTIVITIES PRIVATE-PURPOSE TRUST FUND

COMPARATIVE STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2007 and 2006

ASSETS	2007	2006
Cash and cash equivalents	\$ 592,861	\$ 494,661
TOTAL ASSETS	592,861	494,661
LIABILITIES		
Accounts payable	3,375	279
TOTAL LIABILITIES	3,375	279
NET ASSETS		
Waterfront Property	5,025	4,949
Neck of Presque Isle Park	1,669	1,644
L.G. Kaufman Ski Hill	12,670	12,477
Insurance Program	10,478	10,318
MUSTFAA Insurance	74,453	69,417
Senior Citizens Trust	11,878	12,968
Senior Citizens Grants	21,667	21,666
Sister Cities Artists Exchange	5,215	5,136
Finland Sister City	3,216	2,351
Japan Sister City Campaign	1,434	3,323
Arts Exchange - Doors Project	21	3,238
McCarty's Cove	180	177
Presque Isle Walking Path	16,146	15,900
Heritage Tree	4,013	2,929
Harlow Park Playground Equipment	252	248
Tourist Park Development	34,008	33,490
Mobile Fire Safety House	5,453	5,370
Softball Insurance Fees	352	355
Fire Belltower Paver Bricks	977	962
Fire Belltower Other	1,164	1,146
Seized Property	14,310	21,931
Federal Forfeiture	47,412	-
Drug Dog	2,539	4,673
Disaster Contingency	5,487	5,403
Potter's Field	655	641
Hiebel Memorial	960	1,834
D.A.R.E. Program	1,060	2,667
City Gift Program	-	19,155
Sanitation Fee for Land Purchase and Development	287,680	214,954
Fuel Surcharge	18,832	15,060
Skateboard Park Donations	280	-
TOTAL NET ASSETS	\$ 589,486	\$ 494,382

City of Marquette, Michigan

FIRE-POLICE RETIREMENT SYSTEM PENSION TRUST FUND

COMPARATIVE STATEMENT OF PLAN NET ASSETS

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 2,027,201	\$ 1,689,738
Investments:		
United States Government Securities	5,698,322	4,947,662
Domestic Corporation Bonds	2,540,674	2,622,306
Common, Pooled Fund	17,435,867	16,168,899
Government National Mortgage Association	1,056	1,449
Accrued interest receivable	<u>113,639</u>	<u>96,166</u>
TOTAL ASSETS	<u>27,816,759</u>	<u>25,526,220</u>
LIABILITIES		
Accounts payable and other	<u>-</u>	<u>-</u>
NET ASSETS HELD IN TRUST FOR PENSION	<u>\$ 27,816,759</u>	<u>\$ 25,526,220</u>

City of Marquette, Michigan

AGENCY FUND

COMPARATIVE BALANCE SHEET

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 1,576,229	\$ 1,554,552
Accounts receivable	-	1,254
Taxes receivable - current	23	-
Taxes receivable - delinquent personal	37,592	132,248
Due from other governments	1,912	-
Due from other funds	<u>250,000</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 1,865,756</u></u>	<u><u>\$ 1,688,054</u></u>
LIABILITIES		
Liabilities:		
Contract retainage payable	\$ 267,840	\$ 98,099
Accrued wages and related liabilities	1,192,780	973,224
Due to other governments	8,146	43,764
Due to State	8,143	34,286
Due to local units	384,805	535,354
Other liabilities	<u>4,042</u>	<u>3,327</u>
TOTAL LIABILITIES	<u><u>\$ 1,865,756</u></u>	<u><u>\$ 1,688,054</u></u>

City of Marquette, Michigan

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Fiscal Year Ended June 30, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
ASSETS				
Cash and cash equivalents	\$ 1,554,552	\$ 34,333,228	\$ 34,311,551	\$ 1,576,229
Accounts receivable	1,254	-	1,254	-
Taxes receivable - current	-	14,261,943	14,261,920	23
Taxes receivable - delinquent personal	132,248	23,966	118,622	37,592
Due from other governments	-	1,912	-	1,912
Due from other funds	-	250,000	-	250,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 1,688,054</u></u>	<u><u>\$ 48,871,049</u></u>	<u><u>\$ 48,693,347</u></u>	<u><u>\$ 1,865,756</u></u>
LIABILITIES				
Accounts payable	\$ -	\$ 16,174,590	\$ 16,174,590	\$ -
Contract retainage payable	98,099	630,987	461,246	267,840
Accrued wages and related liabilities	973,224	3,552,360	3,332,804	1,192,780
Due to other governments	43,764	3,866,887	3,902,505	8,146
Due to State	34,286	3,112,032	3,138,175	8,143
Due to local units	535,354	7,502,135	7,652,684	384,805
Other liabilities	3,327	342,910	342,195	4,042
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u><u>\$ 1,688,054</u></u>	<u><u>\$ 35,181,901</u></u>	<u><u>\$ 35,004,199</u></u>	<u><u>\$ 1,865,756</u></u>

City of Marquette, Michigan

CAPITAL ASSETS SCHEDULES

City of Marquette, Michigan

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS - BY SOURCE**

June 30, 2007

	Land and Improvements	Buildings and Improvements	Furniture and Equipment	Other	Totals
Governmental Capital Assets:					
Land	\$ 11,211,891	\$ -	\$ -	\$ -	\$ 11,211,891
Land improvements	6,968,500	-	-	-	6,968,500
Buildings	-	5,387,699	-	-	5,387,699
Building improvements	-	5,060,199	-	-	5,060,199
Furniture and equipment	-	-	2,785,725	-	2,785,725
Infrastructure	-	-	-	35,335,822	35,335,822
Construction in progress	3,487,003	-	-	-	3,487,003
Investment in joint venture	-	-	-	3,524,660	3,524,660
TOTAL	\$ 21,667,394	\$ 10,447,898	\$ 2,785,725	\$ 38,860,482	\$ 73,761,499
Investments in Governmental Capital Assets From:					
General Fund	\$ 17,010,267	\$ 4,620,623	\$ 2,217,767	\$ 30,979,200	\$ 54,827,857
Federal grants	1,901,291	3,466,340	116,285	547,762	6,031,678
State grants	705,189	494,867	161,232	-	1,361,288
Private gifts	1,114,174	558,029	117,381	-	1,789,584
Authorities, Boards and Commissions	54,000	811,172	-	-	865,172
Joint venture	-	-	-	3,524,660	3,524,660
Other funds	882,473	496,867	173,060	3,808,860	5,361,260
TOTAL	\$ 21,667,394	\$ 10,447,898	\$ 2,785,725	\$ 38,860,482	\$ 73,761,499

City of Marquette, Michigan

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY**

For the Fiscal Year Ended June 30, 2007

Function and Activity	Total	Land	Land Improvements	Buildings	Building Improvements	Furniture and Equipment	Infrastructure
General Government:							
City Commission	\$ 8,999	\$ -	\$ -	\$ -	\$ -	\$ 8,999	\$ -
Elections	5,001	-	-	-	-	5,001	-
Finance and Accounting	13,186	-	-	-	-	13,186	-
Treasurer	5,978	-	-	-	-	5,978	-
Information Systems	1,398,365	-	-	-	-	1,398,365	-
Cemetery	226,936	98,002	94,648	9,048	25,238	-	-
City Hall and Grounds	2,457,685	100,008	128,542	1,395,545	706,651	126,939	-
Other City Property	5,129,514	5,109,643	19,871	-	-	-	-
Total General Government	9,245,664	5,307,653	243,061	1,404,593	731,889	1,558,468	-
Public Health and Safety:							
Police Department	296,330	-	-	-	-	296,330	-
Fire Department	425,669	32,296	14,663	154,155	106,673	117,882	-
Total Public Health and Safety	721,999	32,296	14,663	154,155	106,673	414,212	-
Highways, Streets and Bridges:							
City Engineer	79,286	-	-	-	-	79,286	-
Public Works	7,743,006	4,242,131	2,742,813	523,782	213,880	20,400	-
Infrastructure	35,335,822	-	-	-	-	-	35,335,822
Parking System	2,475,516	753,874	70,131	1,320,171	235,396	95,944	-
Total Highways, Streets and Bridges	45,633,630	4,996,005	2,812,944	1,843,953	449,276	195,630	35,335,822
Other:							
Sanitation	14,932	14,932	-	-	-	-	-
Social Services	-	-	-	-	-	-	-
Recreation	11,090,447	861,005	3,897,832	1,984,998	3,754,445	592,167	-
Other functions	43,164	-	-	-	17,916	25,248	-
Total Other	11,148,543	875,937	3,897,832	1,984,998	3,772,361	617,415	-
TOTAL GOVERNMENTAL CAPITAL ASSETS ASSOCIATED TO FUNCTIONS	66,749,836	\$ 11,211,891	\$ 6,968,500	\$ 5,387,699	\$ 5,060,199	\$ 2,785,725	\$35,335,822
Construction in progress	3,487,003						
Investment in Marquette County Solid Waste Management Authority	3,524,660						
TOTAL GOVERNMENTAL CAPITAL ASSETS	\$ 73,761,499						

City of Marquette, Michigan

**SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY**

For the Fiscal Year Ended June 30, 2007

Function and Activity	Balance June 30, 2006	Additions	Deductions	Transfers	Balance June 30, 2007
General Government:					
City Commission	\$ 8,999	\$ -	\$ -	\$ -	\$ 8,999
Elections	5,001	-	-	-	5,001
Finance and Accounting	7,191	5,995	-	-	13,186
Treasurer	5,978	-	-	-	5,978
Information Systems	1,393,253	15,644	(10,531)	-	1,398,366
Cemetery	226,936	-	-	-	226,936
City Hall and Grounds	2,402,655	74,084	(19,000)	-	2,457,739
Other City Property	5,129,514	7,100	(7,153)	-	5,129,461
Total General Government	9,179,527	102,823	(36,684)	-	9,245,666
Public Health and Safety:					
Police Department	305,990	22,835	(32,495)	-	296,330
Fire Department	425,669	-	-	-	425,669
Total Public Health and Safety	731,659	22,835	(32,495)	-	721,999
Highways, Streets and Bridges					
City Engineer	79,286	-	-	-	79,286
Public Works	7,326,773	354,363	-	61,869	7,743,005
Infrastructure	31,526,962	902,133	-	2,906,726	35,335,821
Parking System	2,475,516	-	-	-	2,475,516
Total Highways, Streets and Bridges	41,408,537	1,256,496	-	2,968,595	45,633,628
Other:					
Sanitation	14,932	-	-	-	14,932
Recreation	10,726,756	64,000	-	299,691	11,090,447
Other	43,164	-	-	-	43,164
Total Other	10,784,852	64,000	-	299,691	11,148,543
TOTAL GOVERNMENTAL CAPITAL ASSETS	62,104,575	1,446,154	(69,179)	3,268,286	66,749,836
Construction in progress	4,271,067	2,484,222	-	(3,268,286)	3,487,003
Investment in Marquette County Solid Waste Management Authority	3,524,660	-	-	-	3,524,660
GRAND TOTAL	\$ 69,900,302	\$ 3,930,376	\$ (69,179)	\$ -	\$ 73,761,499

City of Marquette, Michigan

LONG-TERM DEBT SCHEDULES

City of Marquette, Michigan

**SCHEDULE OF BONDS, NOTES PAYABLE AND CAPITALIZED LEASE OBLIGATIONS PAYABLE -
ENTERPRISE FUNDS**

For the year ended June 30, 2007

Maturities Year Ending June 30:	WATER SUPPLY AND SEWAGE DISPOSAL FUND					MARINA FUND	STORMWATER UTILITY FUND
	Capitalized Lease Obligations (A)	Note Payable	Loan Payable	Revenue Bonds (B)	Revenue Bonds (C)	Revenue Bonds (D)	Revenue Bonds (E)
2008	\$ 120,866	\$ 21,289	\$ 145,000	\$ 590,000	\$ -	\$ 70,000	\$ 255,000
2009	120,866	22,343	150,000	480,000	-	75,000	275,000
2010	-	23,448	155,000	410,000	-	70,000	290,000
2011	-	24,939	155,000	410,000	-	75,000	-
2012	-	-	160,000	430,000	-	75,000	-
2013	-	-	165,000	450,000	-	80,000	-
2014	-	-	165,000	470,000	-	85,000	-
2015	-	-	170,000	485,000	-	-	-
2016	-	-	175,000	505,000	-	-	-
2017	-	-	180,000	-	-	-	-
2018	-	-	180,000	-	-	-	-
2019	-	-	185,000	-	-	-	-
2020	-	-	190,000	-	-	-	-
2021	-	-	195,000	-	-	-	-
2022	-	-	200,000	-	-	-	-
2023	-	-	200,000	-	-	-	-
2024	-	-	205,000	-	-	-	-
2025	-	-	210,000	-	-	-	-
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-
	<u>\$ 241,732</u>	<u>\$ 92,019</u>	<u>\$ 3,185,000</u>	<u>\$ 4,230,000</u>	<u>\$ -</u>	<u>\$ 530,000</u>	<u>\$ 820,000</u>
Interest rates	4.3 - 4.4%	4.88%	2.125%	2.0 - 4.1%	4.0%	4.7 - 5.8%	4.1 - 5.0%
Interest dates	June and December	August	April and October	May and November	May and November	May and November	June and December
Date of original issue	July 28, 1998	February 23, 1999	March 9, 2004	November 4, 2003	December 20, 2006	February 18, 2004	November 1, 1995
Amount of original issue	<u>\$ 1,485,000</u>	<u>\$ 199,926</u>	<u>\$ 3,470,000</u>	<u>\$ 5,990,000</u>	<u>\$ 1,440,000</u>	<u>\$ 690,000</u>	<u>\$ 2,740,000</u>

City of Marquette, Michigan

**NOTES TO SCHEDULE OF BONDS, NOTES PAYABLE AND CAPITALIZED
LEASE OBLIGATIONS PAYABLE – ENTERPRISE FUNDS**

For the year ended June 30, 2007

- A. The City may pay additional monies to the County of Marquette and may request that such additional funds be used to call bonds for redemption prior to maturity, in which event the County Board of Commissioners would be obligated to apply and use such money for such purposes to the fullest extent possible.
- B. Outstanding bonds maturing in the years 2004 to 2007, inclusive, are subject to redemption on January 1, 2004 at 100% of par plus accrued interest. The outstanding bonds maturing in years 2005 to 2016, inclusive, are subject to redemption on May 1, 2004 at 100% of par plus accrued interest.
- C. Outstanding bonds are not subject to optional redemption.
- D. Outstanding bonds are not subject to optional redemption.
- E. Outstanding bonds maturing prior to June 1, 2004, are not subject to optional redemption prior to maturity. Bonds maturing on or after June 1, 2004, are subject to redemption at the option of the City, in whole or part, in integral multiples of \$5,000, on any date on or after June 1, 2003, at par, plus accrued interest to the redemption date.

City of Marquette, Michigan

SCHEDULE OF BONDS PAYABLE
COMPONENT UNIT - BOARD OF LIGHT AND POWER ELECTRIC UTILITY FUND

For the year ended June 30, 2007

	Revenue Bonds Series 2001 (A)
<u>Maturities</u>	
Year Ending June 30:	
2008	\$ 2,790,000
2009	2,700,000
Discount	<u>(41,175)</u>
	\$ <u><u>5,448,825</u></u>
 Interest rates	 4.8 - 5.125%
 Interest dates	 January and July
 Date of original issue	 October 11, 2001
 Amount of original issue	 \$ <u><u>21,815,150</u></u>

(A) Bonds maturing in the years 2007 through 2009 are subject to redemption prior to maturity at the option of the City, in such order as the City may determine, and by lot within a single maturity, on any interest payment date on or after July 1, 2006. Bonds called for redemption shall be redeemed at par and accrued interest to the date fixed for redemption. Original issue is less than amount outstanding due to the amortization of the discount in the current year.

City of Marquette, Michigan

COMPONENT UNITS

INDIVIDUAL COMPONENT UNIT STATEMENTS AND SCHEDULES

Component units are used to account for the discretely presented component units which follow governmental or proprietary fund accounting guidelines.

BOARD OF LIGHT AND POWER: To account for the electric utility.

PETER WHITE PUBLIC LIBRARY: To record revenues and expenditures of the Peter White Public Library. Financing is primarily provided through property taxes.

DOWNTOWN DEVELOPMENT AUTHORITY: To record the activities associated with the Downtown Development Authority.

MARQUETTE HOUSING COMMISSION: To record the activities associated with the Marquette Housing Commission.

City of Marquette, Michigan
Board of Light and Power Electric Utility

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,110,749	\$ 3,245,006
Internally designated assets:		
Customer electric rate stabilization fund	1,792,743	1,788,447
Turbine and major generating equipment overhaul fund	739,820	997,132
Replacement-risk retention fund	1,012,564	2,521,381
Investment -- RHFV	200,186	-
Improvement fund	58,300	733,311
Accounts receivable, net	1,285,340	1,247,951
Other receivables	1,725,000	-
Inventory	3,256,163	3,011,375
Prepaid expenses	97,224	64,399
TOTAL CURRENT ASSETS	<u>13,278,089</u>	<u>13,609,002</u>
Non-current Assets:		
Restricted Assets:		
Bond and interest redemption fund	2,891,520	2,840,988
Bond reserve fund	2,198,000	2,198,000
Pine hill landfill fund	12,963	12,715
Total Restricted Assets	<u>5,102,483</u>	<u>5,051,703</u>
Unamortized bond issuance costs	24,161	48,936
Investment in UPPPA	2,090,698	2,037,550
Property, plant, and equipment	117,733,051	115,317,907
Accumulated depreciation	(79,375,376)	(76,297,451)
TOTAL NON-CURRENT ASSETS	<u>45,575,017</u>	<u>46,158,645</u>
TOTAL ASSETS	<u>58,853,106</u>	<u>59,767,647</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	1,152,550	730,892
Accrued liabilities	125,799	116,448
Compensated absences	883,933	814,390
Customer deposits payable	1,411,975	1,345,537
Other current liabilities	40,000	40,000
TOTAL CURRENT LIABILITIES	<u>3,614,257</u>	<u>3,047,267</u>
Current Liabilities (payable from restricted assets):		
Current maturities on revenue bonds	2,790,000	2,695,000
Revenue bond accrued interest payable	101,520	145,987
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	<u>2,891,520</u>	<u>2,840,987</u>
Non-current Liabilities:		
Bonds payable	2,679,750	5,448,825
Reserve for turbine and major generating equipment overhaul	739,820	997,132
Post closure costs-Landfill	547,441	572,918
TOTAL NON-CURRENT LIABILITIES	<u>3,967,011</u>	<u>7,018,875</u>
TOTAL LIABILITIES	<u>10,472,788</u>	<u>12,907,129</u>
NET ASSETS		
Invested in capital assets net of related debt	35,677,925	33,571,631
Restricted:		
Other activities	2,210,963	2,210,715
Unrestricted	10,491,430	11,078,172
TOTAL NET ASSETS	<u>\$ 48,380,318</u>	<u>\$ 46,860,518</u>

City of Marquette, Michigan
Board of Light and Power Electric Utility

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES:		
Electricity Sales:		
Urban	\$ 13,200,713	\$ 12,906,046
Rural	7,810,320	7,487,151
Sales to Alger-Delta Co-op	968,308	854,500
Sales to Wisconsin Electric Power Company	229,068	704,187
Street lighting	327,198	331,017
Other municipal departments	702,777	705,985
Rent and other	673,594	599,764
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	23,911,978	23,588,650
	<hr/>	<hr/>
OPERATING EXPENSES:		
Administrative and general	4,610,115	4,359,864
Production	11,454,801	11,363,952
Purchased power	2,739,263	1,488,238
Distribution and transmission	1,053,395	1,016,294
Customer accounting	555,617	491,914
Payment in lieu of property taxes - City of Marquette	1,413,029	1,460,884
Provision for depreciation, excluding \$102,006 charged to other operating expenses	3,095,911	3,094,271
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	24,922,131	23,275,417
	<hr/>	<hr/>
INCOME FROM OPERATIONS	(1,010,153)	313,233
	<hr/>	<hr/>
NON-OPERATING REVENUES (EXPENSES):		
Investment income	848,866	726,470
Delayed payment fees	30,599	30,038
Interest on refunding bonds	(203,040)	(291,975)
Other interest expense	(36,210)	(37,515)
Amortization of bond issuance expense	(45,700)	(44,144)
	<hr/>	<hr/>
TOTAL NON-OPERATING REVENUES (EXPENSES)	594,515	382,874
	<hr/>	<hr/>
NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	(415,638)	696,107
	<hr/>	<hr/>
Extraordinary Item	1,725,000	-
	<hr/>	<hr/>
NET INCOME	1,309,362	696,107
	<hr/>	<hr/>
Capital contributions from customers	210,438	175,385
	<hr/>	<hr/>
CHANGE IN NET ASSETS	1,519,800	871,492
	<hr/>	<hr/>
Net assets, beginning of year	46,860,518	45,989,026
	<hr/>	<hr/>
NET ASSETS, END OF YEAR	\$ 48,380,318	\$ 46,860,518
	<hr/>	<hr/>

City of Marquette, Michigan
Board of Light and Power Electric Utility

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 23,874,589	\$ 23,680,145
Cash paid to suppliers and employees	(21,717,646)	(19,893,045)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,156,943	3,787,100
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,572,007)	(2,466,386)
Proceeds from sale of equipment	-	-
Principal payment on revenue bonds, notes payable and capital lease obligations	(2,695,000)	(3,805,000)
Capital contributions	210,438	175,386
Interest paid on revenue bonds and notes payable	(247,507)	(349,051)
NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(5,304,076)	(6,445,051)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	930,825	877,973
Proceeds from maturities and sales of investment securities	4,974,616	4,922,891
Purchase of investments	(2,892,565)	(3,376,998)
NET CASH (USED) BY INVESTING ACTIVITIES	3,012,876	2,423,866
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(134,257)	(234,085)
Cash and cash equivalents, beginning of year	3,245,006	3,479,091
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,110,749	\$ 3,245,006
Non-cash Investing, Capital and Financing Activities:		
Net appreciation (depreciation) in fair value of investments	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (1,010,153)	\$ 313,233
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation	3,197,917	3,211,321
Bad debt expense		2,370
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(37,389)	89,125
(Increase) decrease in inventory	(244,788)	1,254,999
(Increase) decrease in prepaid expenses	(32,845)	2,899
Increase (decrease) in accounts payable	421,658	(1,223,696)
Increase (decrease) in accrued wages and related liabilities	9,351	(22,315)
Increase (decrease) in accrued sick and vacation	69,543	21,233
Increase in customer deposits, including accrued interest	66,438	26,459
(Decrease) in landfill site post closure care cost liability	(25,477)	(28,737)
Increase (decrease) in reserve for turbine overhaul	(257,312)	140,209
NET ADJUSTMENTS	3,167,096	3,473,867
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,156,943	\$ 3,787,100

City of Marquette, Michigan
Peter White Public Library

STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 43,920
Investments	1,256,851
Taxes receivable, net	1,114,777
TOTAL CURRENT ASSETS	2,415,548
Non-current assets:	
Land	114,704
Other capital assets	11,080,564
Accumulated depreciation	(5,162,534)
TOTAL NON-CURRENT ASSETS	6,032,734
TOTAL ASSETS	8,448,282
LIABILITIES:	
Current liabilities:	
Accounts payable	16,651
Unearned revenue	1,112,370
Bonds payable - due in one year	490,000
TOTAL CURRENT LIABILITIES	1,619,021
Non-current liabilities:	
Bonds payable - due in more than one year	2,910,000
Compensated absences	93,980
TOTAL NON-CURRENT LIABILITIES	3,003,980
TOTAL LIABILITIES	4,623,001
NET ASSETS:	
Invested in capital assets, net of related debt	2,632,734
Restricted:	
Retirement of debt	60,705
Endowments	852,421
Unrestricted	279,421
TOTAL NET ASSETS	\$ 3,825,281

**City of Marquette, Michigan
Peter White Public Library**

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2007

Function / Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Recreation and culture	\$ 2,011,628	\$ 256,058	\$ 457,501	\$ (1,298,069)
Interest on long-term debt	303,266	-	-	(303,266)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,314,894	\$ 256,058	\$ 457,501	(1,601,335)
General revenues:				
		Property taxes		1,052,105
		Interest and investment earnings		167,938
		Miscellaneous		172,564
		Total General Revenues		1,392,607
		Net change in net assets		(208,728)
		Net assets, beginning of year		4,034,009
		Net assets, end of year		\$ 3,825,281

**City of Marquette, Michigan
Peter White Public Library**

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2007

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	1998 Building Authority Debt Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 209,373	\$ 25,518	\$ 14,838	\$ (205,809)	\$ 43,920
Investments	179,166	826,903	-	250,782	1,256,851
Taxes receivable, net	748,283	-	366,494	-	1,114,777
TOTAL ASSETS	<u>\$ 1,136,822</u>	<u>\$ 852,421</u>	<u>\$ 381,332</u>	<u>\$ 44,973</u>	<u>\$ 2,415,548</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts payable	\$ 16,651	\$ -	\$ -	\$ -	\$ 16,651
Deferred revenue	746,770	-	365,600	-	1,112,370
TOTAL LIABILITIES	<u>763,421</u>	<u>-</u>	<u>365,600</u>	<u>-</u>	<u>1,129,021</u>
FUND BALANCE:					
Reserved for:					
Retirement of debt	-	-	15,732	44,973	60,705
Endowments	-	852,421	-	-	852,421
Unreserved, reported in:					
General Fund	373,401	-	-	-	373,401
TOTAL FUND BALANCE	<u>373,401</u>	<u>852,421</u>	<u>15,732</u>	<u>44,973</u>	<u>1,286,527</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,136,822</u>	<u>\$ 852,421</u>	<u>\$ 381,332</u>	<u>\$ 44,973</u>	<u>\$ 2,415,548</u>

**City of Marquette, Michigan
Peter White Public Library**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

June 30, 2007

Total Fund Balances for Governmental Funds	\$	1,286,527
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*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds

Cost of capital assets	11,195,268	
Accumulated depreciation	<u>(5,162,534)</u>	
		6,032,734

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds:

Bonds payable	(3,400,000)	
Compensated absences	<u>(93,980)</u>	
		(3,493,980)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>3,825,281</u>
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**City of Marquette, Michigan
Peter White Public Library**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2007

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	1998 Building Authority Debt Fund	Total Governmental Funds
REVENUES:					
Property taxes	\$ 675,930	\$ -	\$ 376,175	\$ -	\$ 1,052,105
State sources	37,896	-	-	-	37,896
Local sources	331,883	-	-	-	331,883
Charges for services	52,395	-	-	-	52,395
Fines and forfeiture	177,790	-	-	-	177,790
Rentals	25,873	-	-	-	25,873
Contributions from private sources	57,496	-	-	30,226	87,722
Investment income	16,321	104,022	-	47,595	167,938
Other	17,157	-	155,407	-	172,564
TOTAL REVENUES	1,392,741	104,022	531,582	77,821	2,106,166
EXPENDITURES:					
Recreation and Culture:					
Personnel services	896,434	-	-	-	896,434
Supplies	80,261	-	-	-	80,261
Other services and charges	308,836	3,911	82,479	-	395,226
Capital outlay	134,125	-	-	-	134,125
Debt service					
Principal retirement	-	-	210,000	225,000	435,000
Interest and fiscal charges	-	-	226,972	22,679	249,651
TOTAL EXPENDITURES	1,419,656	3,911	519,451	247,679	2,190,697
NET REVENUES OVER EXPENDITURES	(26,915)	100,111	12,131	(169,858)	(84,531)
OTHER FINANCING SOURCE (USES)					
Transfers In	28,450	-	-	-	28,450
Transfers (Out)	-	(28,450)	-	-	(28,450)
Refunding Bonds	-	-	2,935,000	-	2,935,000
Premium on Bond Issuance	-	-	43,401	-	43,401
Payment to refunded bond escrow agent	-	-	(2,982,016)	-	(2,982,016)
TOTAL OTHER FINANCING SOURCES (USES)	28,450	(28,450)	(3,615)	-	(3,615)
NET CHANGE IN FUND BALANCE	1,535	71,661	8,516	(169,858)	(88,146)
Fund balance, beginning of year	371,866	780,760	7,216	214,831	1,374,673
FUND BALANCE, END OF YEAR	\$ 373,401	\$ 852,421	\$ 15,732	\$ 44,973	\$ 1,286,527

**City of Marquette, Michigan
Peter White Public Library**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds	\$	(88,146)
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*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$ -	
Depreciation expense	<u>(488,912)</u>	(488,912)

Issuance of bond principal is a revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net assets.		(2,935,000)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Existing debt		435,000
Defeased debt		2,885,000

Some expenses such as accrued sick and vacation expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(16,670)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

	\$	<u>(208,728)</u>
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**City of Marquette, Michigan
Non-major Component Units**

COMBINING STATEMENT OF NET ASSETS

June 30, 2007

	Downtown Development Authority	Marquette Housing Commission	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 204,237	\$ 1,121,727	\$ 1,325,964
Investments	-	479,991	479,991
Taxes receivable, net	442,078	-	442,078
Accounts receivable, net	34,636	28,458	63,094
Inventory	-	11,262	11,262
Prepaid expenses	-	33,390	33,390
TOTAL CURRENT ASSETS	<u>680,951</u>	<u>1,674,828</u>	<u>2,355,779</u>
Non-current assets:			
Capital assets	2,975,557	11,299,924	14,275,481
Accumulated depreciation	<u>(339,829)</u>	<u>(7,672,963)</u>	<u>(8,012,792)</u>
TOTAL NON-CURRENT ASSETS	<u>2,635,728</u>	<u>3,626,961</u>	<u>6,262,689</u>
TOTAL ASSETS	<u>3,316,679</u>	<u>5,301,789</u>	<u>8,618,468</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	461,968	116	462,084
Accrued liabilities	4,183	220,461	224,644
Unearned revenue	442,078	-	442,078
Bonds payable - due in one year	<u>178,571</u>	<u>-</u>	<u>178,571</u>
TOTAL CURRENT LIABILITIES	<u>1,086,800</u>	<u>220,577</u>	<u>1,307,377</u>
Non-current liabilities:			
Bonds payable - due in more than one year	500,000	-	500,000
Notes payable - due in more than one year	-	985,813	985,813
Other non-current liabilities	<u>-</u>	<u>30,042</u>	<u>30,042</u>
TOTAL NON-CURRENT LIABILITIES	<u>500,000</u>	<u>1,015,855</u>	<u>1,515,855</u>
TOTAL LIABILITIES	<u>1,586,800</u>	<u>1,236,432</u>	<u>2,823,232</u>
NET ASSETS:			
Invested in capital assets, net of related debt	1,957,157	2,583,976	4,541,133
Restricted	-	88,381	88,381
Unrestricted	<u>(227,278)</u>	<u>1,393,000</u>	<u>1,165,722</u>
TOTAL NET ASSETS	<u>\$ 1,729,879</u>	<u>\$ 4,065,357</u>	<u>\$ 5,795,236</u>

**City of Marquette, Michigan
Non-major Component Units**

COMBINING STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2007

Function / Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Marquette Housing Commission	Total
Governmental Activities:							
Downtown Development Authority	\$ 406,832	\$ 104,886	\$ 55,000	\$ 261,893	\$ 14,947	\$ -	\$ 14,947
Business-type Activities:							
Marquette Housing Commission	1,800,511	483,587	874,608	550,980	-	108,664	108,664
TOTAL	\$ 2,207,343	\$ 588,473	\$ 929,608	\$ 812,873	14,947	108,664	123,611
General revenues:							
Property taxes					383,506	-	383,506
Interest and investment earnings					10,076	34,212	44,288
Miscellaneous					35,206	111,915	147,121
TOTAL GENERAL REVENUES					428,788	146,127	574,915
CHANGES IN NET ASSETS					443,735	254,791	698,526
Net assets, beginning of year					1,286,144	3,810,566	5,096,710
NET ASSETS, END OF YEAR					\$ 1,729,879	\$ 4,065,357	\$ 5,795,236

**City of Marquette, Michigan
Downtown Development Authority**

STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 204,237
Taxes receivable, net	442,078
Accounts receivable, net	34,636
	<hr/>
TOTAL CURRENT ASSETS	680,951
	<hr/>
Non-current assets:	
Capital assets	2,975,557
Accumulated depreciation	(339,829)
	<hr/>
TOTAL NON-CURRENT ASSETS	2,635,728
	<hr/>
TOTAL ASSETS	3,316,679
	<hr/>
LIABILITIES:	
Current liabilities:	
Accounts payable	806,494
Accrued wages and related liabilities	4,183
Due to primary government	(344,526)
Unearned revenue	442,078
Bonds payable - due in one year	178,571
	<hr/>
TOTAL CURRENT LIABILITIES	1,086,800
	<hr/>
Non-current liabilities:	
Bonds payable - due in more than one year	500,000
	<hr/>
TOTAL NON-CURRENT LIABILITIES	500,000
	<hr/>
TOTAL LIABILITIES	1,586,800
	<hr/>
NET ASSETS:	
Invested in capital assets, net of related debt	1,957,157
Unrestricted	(227,278)
	<hr/>
TOTAL NET ASSETS	\$ 1,729,879
	<hr/>

**City of Marquette, Michigan
Downtown Development Authority**

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2007

Function / Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 203,010	\$ 850	\$ 316,893	\$ 114,733
Parking system	172,820	104,036	-	(68,784)
Interest on long-term debt	31,002	-	-	(31,002)
Other governmental	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 406,832	\$ 104,886	\$ 316,893	14,947
General revenues:				
Property taxes				383,506
Interest and investment earnings				10,076
Miscellaneous				35,206
TOTAL GENERAL REVENUES				428,788
CHANGES IN NET ASSETS				443,735
Net assets, beginning of year				1,286,144
NET ASSETS, END OF YEAR				\$ 1,729,879

**City of Marquette, Michigan
Downtown Development Authority**

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2007

	General Fund	Parking System Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 201,738	\$ 2,499	\$ -	\$ -	\$ 204,237
Taxes receivable, net	442,078	-	-	-	442,078
Accounts receivable, net	-	8,447	26,189	-	34,636
Due from other funds	43,256	-	5,690	-	48,946
TOTAL ASSETS	\$ 687,072	\$ 10,946	\$ 31,879	\$ -	\$ 729,897
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts payable	461,968	-	-	-	461,968
Accrued wages and related liabilities	4,183	-	-	-	4,183
Due to other funds	-	12,029	36,917	-	48,946
Deferred revenue	442,078	-	-	-	442,078
TOTAL LIABILITIES	908,229	12,029	36,917	-	957,175
FUND BALANCE:					
Reserved for:					
Capital projects	-	-	(5,038)	-	(5,038)
Unreserved, reported in:					
General Fund	(221,157)	-	-	-	(221,157)
Special Revenue Fund	-	(1,083)	-	-	(1,083)
TOTAL FUND BALANCE	(221,157)	(1,083)	(5,038)	-	(227,278)
TOTAL LIABILITIES & FUND BALANCE	\$ 687,072	\$ 10,946	\$ 31,879	\$ -	\$ 729,897

**City of Marquette, Michigan
Downtown Development Authority**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

June 30, 2007

Total Fund Balances for Governmental Funds	\$	(227,278)
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*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds

Cost of capital assets	2,975,557	
Accumulated depreciation	<u>(339,829)</u>	
		2,635,728

Long-term liabilities, including bonds payable, are not due
and payable in the current period and therefore are not
reported in the funds

(678,571)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

	\$	<u><u>1,729,879</u></u>
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**City of Marquette, Michigan
Downtown Development Authority**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2007

	General Fund	Parking System Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Property taxes	\$ 383,506	\$ -	\$ -	\$ -	\$ 383,506
State sources	261,893	-	-	-	261,893
Intergovernmental revenues	55,000	-	-	-	55,000
Charges for services	-	15,172	-	-	15,172
Rentals	850	88,864	-	-	89,714
Investment income	9,001	-	1,075	-	10,076
Other	32,426	2,780	-	-	35,206
TOTAL REVENUES	742,676	106,816	1,075	-	850,567
EXPENDITURES:					
Current operations:					
General government	133,871	-	-	-	133,871
Parking system	-	166,531	-	-	166,531
Capital outlay	30,313	103,994	359,999	-	494,306
Debt service					
Principal retirement	184,610	-	-	-	184,610
Interest and fiscal charges	31,002	-	-	-	31,002
TOTAL EXPENDITURES	379,796	270,525	359,999	-	1,010,320
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	362,880	(163,709)	(358,924)	-	(159,753)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	148,499	-	-	148,499
Transfers out	(148,499)	-	-	-	(148,499)
TOTAL OTHER FINANCING SOURCES (USES)	(148,499)	148,499	-	-	-
NET CHANGE IN FUND BALANCE	214,381	(15,210)	(358,924)	-	(159,753)
Fund balance, beginning of year	(179,335)	19,817	91,993	-	(67,525)
FUND BALANCE, END OF YEAR	\$ 35,046	\$ 4,607	\$ (266,931)	\$ -	\$ (227,278)

City of Marquette, Michigan
Downtown Development Authority

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds	\$ (159,753)
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*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	492,768	
Depreciation expense	<u>73,890</u>	418,878

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	184,610
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<hr/> \$ 443,735 <hr/>
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**City of Marquette, Michigan
Marquette Housing Commission**

STATEMENT OF NET ASSETS

June 30, 2007

	<u>2007</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,121,727
Accounts receivable, net	28,458
Investments	479,991
Prepaid expenses	33,390
Inventory	<u>11,262</u>
TOTAL CURRENT ASSETS	<u>1,674,828</u>
Non-current Assets:	
Capital assets	11,299,924
Accumulated depreciation	<u>(7,672,963)</u>
TOTAL NON-CURRENT ASSETS	<u>3,626,961</u>
TOTAL ASSETS	<u>5,301,789</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	116
Accrued liabilities	<u>220,461</u>
TOTAL CURRENT LIABILITIES	<u>220,577</u>
Non-current Liabilities:	
Notes payable	985,813
Compensated absences	<u>30,042</u>
TOTAL NON-CURRENT LIABILITIES	<u>1,015,855</u>
TOTAL LIABILITIES	<u>1,236,432</u>
NET ASSETS	
Invested in capital assets net of related debt	2,583,976
Restricted	88,381
Unrestricted	<u>1,393,000</u>
TOTAL NET ASSETS	<u><u>\$ 4,065,357</u></u>

**City of Marquette, Michigan
Marquette Housing Commission**

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2007

Function / Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-Type Activities
Business-type Activities:					
Public Housing	\$ 1,800,511	\$ 483,587	\$ 874,608	\$ 550,980	\$ 108,664
TOTAL	<u>\$ 1,800,511</u>	<u>\$ 483,587</u>	<u>\$ 874,608</u>	<u>\$ 550,980</u>	<u>108,664</u>
General revenues:					
					34,212
					<u>111,915</u>
					<u>146,127</u>
					254,791
					<u>3,810,566</u>
					<u>\$ 4,065,357</u>

**City of Marquette, Michigan
Marquette Housing Commission**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2007

	<u>2007</u>
OPERATING REVENUES:	
Tenant revenue	\$ 483,587
Program grants - subsidies	874,608
Other income	<u>111,915</u>
TOTAL OPERATING REVENUES	<u>1,470,110</u>
OPERATING EXPENSES:	
Administrative and general	393,416
Tenant services	1,907
Utilities	321,464
Maintenance	450,330
General	85,640
Housing assistance payments	132,790
Other expenses	25,540
Provision for depreciation	<u>389,424</u>
TOTAL OPERATING EXPENSES	<u>1,800,511</u>
LOSS FROM OPERATIONS	<u>(330,401)</u>
NON-OPERATING REVENUES (EXPENSES):	
Capital grants	550,980
Investment income	<u>34,212</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>585,192</u>
CHANGE IN NET ASSETS	254,791
Net assets, beginning of year	<u>3,810,566</u>
NET ASSETS, END OF YEAR	<u><u>\$ 4,065,357</u></u>

**City of Marquette, Michigan
Marquette Housing Commission**

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2007

	2007
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 473,565
Cash received from grants and subsidies	879,111
Cash payments to suppliers for goods and services	(791,984)
Cash payments for wages and related benefits	(600,225)
Payment in lieu of taxes	(9,727)
Other receipts	111,915
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	62,655
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital grants	550,980
Acquisition of capital assets	(740,540)
Proceeds from new debt	939,046
Payment on debt	(14,082)
	<hr/>
NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	735,404
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	34,212
Purchase of investments	(105,693)
	<hr/>
NET CASH PROVIDED BY INVESTING ACTIVITIES	(71,481)
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	726,578
Cash and cash equivalents, beginning of year	404,968
	<hr/>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,131,546
	<hr/>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (330,401)
Adjustments to reconcile income to net cash provided by operating activities:	
Depreciation	389,424
Changes in assets and liabilities:	
(Increase) in accounts receivable	(5,519)
(Increase) in inventory	(753)
Decrease in prepaid expenses	9,429
Increase in accounts payable	8,407
(Decrease) in accrued liabilities	(7,932)
	<hr/>
NET ADJUSTMENTS	393,056
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 62,655
	<hr/>

City of Marquette, Michigan

STATISTICAL INFORMATION

This part of the City of Marquette's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	190-195
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	196-200
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	201-206
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	207-209
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	210-211

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Marquette, Michigan
Net Assets by Component
Last Five Fiscal Years

	Fiscal Year				
	2007	2006	2005	2004	2003
Governmental Activities					
Invested in capital assets, net of related debt	\$ 29,731,919	\$ 32,827,042	\$ 20,668,811	\$ 17,517,503	\$ 19,624,856
Restricted	568,371	548,317	528,637	-	-
Unrestricted	13,066,579	7,175,565	4,893,099	7,897,006	5,279,577
Total Governmental Activities Net Assets	<u>\$ 43,366,869</u>	<u>\$ 40,550,924</u>	<u>\$ 26,090,547</u>	<u>\$ 25,414,509</u>	<u>\$ 24,904,433</u>
Business-Type Activities					
Investment capital assets, net of related debt	\$ 31,910,645	\$ 32,258,682	\$ 28,448,328	\$ 27,558,113	\$ 25,035,733
Restricted	1,938,968	1,951,234	1,929,883	2,134,176	2,275,947
Unrestricted	2,698,684	5,339,506	8,722,650	8,979,306	10,863,385
Total Business-Type Activities	<u>\$ 36,548,297</u>	<u>\$ 39,549,422</u>	<u>\$ 39,100,861</u>	<u>\$ 38,671,595</u>	<u>\$ 38,175,065</u>
Primary Government					
Invested in capital assets, net of related debt	\$ 61,642,564	\$ 65,085,724	\$ 49,117,139	\$ 45,075,616	\$ 44,660,589
Restricted	2,507,339	2,499,551	2,458,520	2,134,176	2,275,947
Unrestricted	15,765,263	12,515,071	13,615,749	16,876,312	16,142,962
Total Primary Government Net Assets	<u>\$ 79,915,166</u>	<u>\$ 80,100,346</u>	<u>\$ 65,191,408</u>	<u>\$ 64,086,104</u>	<u>\$ 63,079,498</u>

City of Marquette, Michigan
Changes in Net Assets
Last Five Fiscal Years

	Fiscal Year				
	2007	2006	2005	2004	2003
Expenses					
Governmental Activities					
General government	\$ 3,395,398	\$ 2,994,081	\$ 2,919,314	\$ 3,749,652	\$ 3,186,717
Public health & Safety	4,948,192	4,919,863	4,680,206	4,649,016	4,208,180
Public works	3,039,550	3,546,425	2,843,875	2,850,031	2,689,183
Highway and streets	2,324,977	1,738,087	2,582,962	2,604,467	2,245,852
Social services	355,193	511,948	503,334	840,683	371,076
Sanitation	1,238,866	1,210,914	1,528,524	1,148,170	1,168,005
Recreation and Culture	1,261,545	1,302,717	1,316,150	1,398,509	1,164,311
Interest on long-term debt	750,760	845,767	504,304	458,058	490,149
Depreciation - unallocated	1,916,607	1,912,853	857,165	875,141	713,961
Total Governmental Activities Expenses	<u>19,231,088</u>	<u>18,982,655</u>	<u>17,735,834</u>	<u>18,573,727</u>	<u>16,237,434</u>
Business-Type Activities					
Water supply and sewage disposal	6,512,473	6,339,831	5,895,101	5,449,460	5,438,937
Storm water utility	891,632	866,257	680,791	692,413	926,614
Marina	394,386	374,433	364,786	416,614	385,734
Intermodal transportation terminal	959,368	86,003	156,177	173,272	181,272
Total Business-Type Activities Expenses	<u>8,757,859</u>	<u>7,666,524</u>	<u>7,096,855</u>	<u>6,731,759</u>	<u>6,932,557</u>
Total Primary Government Expenses	<u>\$ 27,988,947</u>	<u>\$ 26,649,179</u>	<u>\$ 24,832,689</u>	<u>\$ 25,305,486</u>	<u>\$ 23,169,991</u>
Program Revenues					
Governmental Activities					
Charges for Services					
General government	\$ 1,206,989	\$ 1,176,083	\$ 1,254,826	\$ 1,087,850	\$ 1,025,179
Public health	202,071	202,388	183,381	108,808	106,143
Public works	1,205,514	1,102,852	1,370,220	1,027,142	625,711
Sanitation	1,255,621	1,157,631	2,065,969	1,112,255	946,345
Recreation and culture	905,996	809,727	803,526	739,130	719,708
Operating grants and contributions	2,392,818	5,446,027	2,185,688	2,873,580	2,109,042
Capital grants and contributions	114,702	647,205	265,770	1,795,016	1,283,881
Total Governmental Activities Program Revenues	<u>7,283,711</u>	<u>10,541,913</u>	<u>8,129,380</u>	<u>8,743,781</u>	<u>6,816,009</u>
Business-Type Activities					
Charges for Services					
Water supply and sewage disposal	6,025,359	5,914,730	5,726,868	5,680,134	5,712,063
Storm water utility	867,963	709,859	649,034	660,058	663,542
Marina	284,838	281,296	258,940	252,099	235,782
Intermodal transportation terminal	26,631	35,531	63,963	145,992	131,283
Operating grants and contributions	25,057	9,000	173,320	536	-
Capital grants and contributions	-	-	-	-	-
Total Business-Type Activities Program Revenues	<u>7,229,848</u>	<u>6,950,416</u>	<u>6,872,125</u>	<u>6,738,819</u>	<u>6,742,670</u>
Total Primary Government Program Revenues	<u>\$ 14,513,559</u>	<u>\$ 17,492,329</u>	<u>\$ 15,001,505</u>	<u>\$ 15,482,600</u>	<u>\$ 13,558,679</u>
Net (Expense) Revenue					
Governmental Activities	\$ (11,947,377)	\$ (8,440,742)	\$ (9,606,454)	\$ (9,829,946)	\$ (9,421,425)
Business-Type Activities	(1,528,011)	(716,108)	(224,730)	7,060	(189,887)
Total Primary Government Net Expense	<u>\$ (13,475,388)</u>	<u>\$ (9,156,850)</u>	<u>\$ (9,831,184)</u>	<u>\$ (9,822,886)</u>	<u>\$ (9,611,312)</u>

(Continued)

General Revenues and Other Changes in Net Assets

Governmental Activities					
Taxes					
Property taxes	\$ 7,579,498	\$ 7,155,812	\$ 6,305,971	\$ 5,955,861	\$ 5,801,421

City of Marquette, Michigan
Changes in Net Assets
Last Five Fiscal Years

		Fiscal Year				
		2007	2006	2005	2004	2003
	Payments in lieu of taxes	2,375,979	2,353,273	2,053,758	2,027,879	2,085,024
	Unrestricted state sources	2,290,677	2,234,285	2,185,248	2,264,254	2,653,565
	Investment earnings	827,856	255,506	88,521	(97,837)	269,968
	Miscellaneous	138,306	133,747	69,510	428,449	298,153
	Transfers	1,551,006	(842,977)	(420,516)	(228,117)	(111,379)
	Extraordinary item - Flood Costs	-	-	-	(10,467)	(288,255)
	Total Governmental Activities	14,763,322	11,289,646	10,282,492	10,340,022	10,708,497
Business-Type Activities						
	Investment earnings	74,054	230,576	233,480	263,458	376,037
	Miscellaneous	3,838	91,116	-	(2,105)	(52,407)
	Transfers	(1,551,006)	842,977	420,516	228,117	111,379
	Total Business-Type Activities	(1,473,114)	1,164,669	653,996	489,470	435,009
	Total Primary Government	\$ 13,290,208	\$ 12,454,315	\$ 10,936,488	\$ 10,829,492	\$ 11,143,506
Change in Net Assets						
	Governmental activities	\$ 2,815,945	\$ 2,848,904	\$ 676,038	\$ 510,076	\$ 1,287,072
	Business-type activities	(3,001,125)	448,561	429,266	496,530	245,122
	Total Primary Government	\$ (185,180)	\$ 3,297,465	\$ 1,105,304	\$ 1,006,606	\$ 1,532,194

City of Marquette, Michigan
Fund Balances, Governmental Funds
Last Ten Fiscal Years

		Fiscal Year									
		2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Fund											
Reserved		\$ 362,919	\$ 507,146	\$ 639,116	\$ 1,377,892	\$ 479,435	\$ 2,618,243	\$ 756,323	\$ 1,041,556	\$ 916,250	\$ 872,099
Unreserved		6,212,319	3,858,518	3,501,239	2,657,563	3,216,679	2,734,442	5,134,198	3,578,665	3,191,853	2,927,772
Total General Fund		<u>\$ 6,575,238</u>	<u>\$ 4,365,664</u>	<u>\$ 4,140,355</u>	<u>\$ 4,035,455</u>	<u>\$ 3,696,114</u>	<u>\$ 5,352,685</u>	<u>\$ 5,890,521</u>	<u>\$ 4,620,221</u>	<u>\$ 4,108,103</u>	<u>\$ 3,799,871</u>
All Other Governmental Funds											
Reserved		\$ 738,103	\$ 1,005,637	\$ 1,374,127	\$ 3,576,886	\$ 528,217	\$ 1,006,840	\$ 9,460,616	\$ 10,107,356	\$ 8,794,757	\$ 1,299,767
Unreserved, reported in:											
Special revenue funds		2,435,075	2,689,965	42,347	338,184	49,777	37,967	(33,198)	(28,565)	117,615	189,649
Capital projects funds		4,472,029	-	-	-	-	-	-	-	355,407	1,098,485
Debt service funds		-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds		<u>\$ 7,645,207</u>	<u>\$ 3,695,602</u>	<u>\$ 1,416,474</u>	<u>\$ 3,915,070</u>	<u>\$ 577,994</u>	<u>\$ 1,044,807</u>	<u>\$ 9,427,418</u>	<u>\$ 10,078,791</u>	<u>\$ 9,267,779</u>	<u>\$ 2,587,901</u>

City of Marquette, Michigan
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues										
Taxes	\$ 9,955,477	\$ 9,509,085	\$ 8,359,729	\$ 7,983,740	\$ 7,886,445	\$ 7,753,738	\$ 7,842,491	\$ 7,772,253	\$ 7,433,236	\$ 7,200,466
Federal and state sources	4,468,979	7,990,533	4,284,731	6,143,936	5,451,549	5,915,467	5,254,885	4,612,827	5,002,412	4,537,938
Fines and penalties	99,652	95,917	137,572	136,538	138,538	139,794	118,463	117,874	113,240	129,537
Charges for services	3,509,327	4,350,929	4,998,815	3,920,203	3,267,018	3,073,992	2,977,625	2,910,359	2,952,656	2,919,028
Special assessments	44,179	89,813	63,506	66,143	104,534	92,978	209,115	22,584	72,095	102,505
Intergovernmental	162,210	143,489	128,399	156,009	134,616	132,768	112,827	80,764	92,247	74,965
Investment earnings	838,865	255,506	88,521	(97,837)	269,968	736,734	775,413	320,230	316,899	392,443
Other revenues	1,417,338	275,689	284,229	726,773	380,277	195,638	(75,848)	2,309,148	2,366,072	1,698,685
Total Revenues	20,496,027	22,710,961	18,345,502	19,035,505	17,632,945	18,041,109	17,214,971	18,146,039	18,348,857	17,055,567
Expenditures										
General government	3,148,954	3,032,209	3,143,668	3,633,875	3,336,036	4,573,200	4,462,727	4,532,944	4,055,673	3,398,493
Public health and safety	5,008,943	4,902,040	4,734,456	4,500,789	4,528,147	3,357,199	3,164,445	3,618,956	3,976,852	3,145,362
Public works	3,035,467	2,946,331	7,983,219	2,709,344	3,324,287	4,933,970	2,092,375	1,727,003	1,825,822	1,200,597
Highway and streets	2,265,398	2,247,944	2,520,487	2,330,711	2,336,198	2,282,025	2,658,072	2,109,105	2,419,365	2,149,558
Social services	355,193	511,948	503,334	840,683	371,076	234,628	206,248	216,714	207,519	186,272
Sanitation	1,230,891	1,191,959	1,516,946	1,144,322	1,188,362	942,994	961,665	964,944	760,419	743,064
Recreation and culture	1,325,545	1,302,717	1,316,150	1,159,649	1,353,954	1,368,774	1,151,646	997,649	1,545,653	1,299,097
Capital outlay	3,760,586	1,835,300	2,605,104	3,186,792	1,214,746	536,311	413,537	1,651,886	1,494,160	1,881,683
Other expenditures	-	-	-	-	-	-	377,111	366,080	585,440	259,880
Special Assessments	-	-	-	24,847	48,726	24,920	149,272	240,568	-	-
Debt Service										
Professional and contractual	298,796	-	-	-	-	-	-	-	-	-
Interest	628,993	855,638	499,388	362,232	390,166	398,150	427,128	414,722	524,662	619,480
Principal	952,788	918,575	874,138	627,229	604,042	537,424	810,673	566,280	802,086	583,150
Total Expenditures	22,011,554	19,744,661	25,696,890	20,520,473	18,695,740	19,189,595	16,874,899	17,406,851	18,197,651	15,466,636
Excess of revenues over (under) expenditures	(1,515,527)	2,966,300	(7,351,388)	(1,484,968)	(1,062,795)	(1,148,486)	340,072	739,188	151,206	1,588,931
Other Financing Sources (Uses)										
Proceeds from borrowing	10,819,061	-	5,000,000	5,178,100	-	367,859	-	200,000	2,480,000	5,945,000
Premium on bond issuance	3,792	-	-	-	-	-	-	-	-	-
Extinguishment of debt	(5,082,566)	-	-	-	-	-	-	-	(2,280,000)	(4,790,820)
Payments to escrow agent	-	-	-	-	-	-	-	-	(200,000)	(154,180)
Transfers in	5,082,450	3,324,148	2,228,797	3,059,119	5,244,319	2,152,539	2,213,803	2,928,071	3,172,826	3,185,619
Transfers out	(3,148,031)	(3,786,011)	(2,271,105)	(2,907,308)	(5,000,766)	(1,895,274)	(1,956,970)	(2,562,309)	(2,803,139)	(2,780,804)
Extraordinary item - Flood Costs	-	-	-	(168,526)	(796,580)	-	-	-	-	-
Total Other Financing Sources (Uses)	7,674,706	(461,863)	4,957,692	5,161,385	(553,027)	625,124	256,833	565,762	369,687	1,404,815
Net change in fund balances	\$ 6,159,179	\$ 2,504,437	\$ (2,393,696)	\$ 3,676,417	\$ (1,615,822)	\$ (523,362)	\$ 596,905	\$ 1,304,950	\$ 520,893	\$ 2,993,746
Debt Service as a Percentage of Non-capital Expenditures	8.67%	9.91%	5.95%	5.71%	5.69%	5.02%	7.52%	6.23%	7.94%	8.85%

City of Marquette, Michigan

TABLE 5

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTIONS (A)

LAST TEN FISCAL YEARS

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Government	\$ 3,148,815	\$ 3,032,209	\$ 3,143,230	\$ 2,928,666	\$ 3,336,036	\$ 4,566,586	\$ 4,327,289	\$ 4,473,871	\$ 4,019,929	\$ 3,352,136
Public Health and Safety	5,008,943	4,902,040	4,734,456	4,500,789	4,576,873	3,376,236	3,307,314	3,854,755	3,969,561	3,133,514
Highways, Streets and Bridges	5,300,865	5,194,275	10,503,706	5,040,055	5,660,485	7,215,054	4,748,300	3,826,384	4,245,187	3,350,155
Sanitation	1,230,891	1,191,959	1,516,946	1,144,322	1,188,362	942,994	961,665	964,944	760,419	743,064
Social Services	355,193	511,948	503,334	840,683	371,076	217,496	185,010	189,906	192,333	179,473
Recreation and Culture	1,325,545	1,302,717	1,316,150	1,159,649	1,353,954	1,364,479	1,142,973	985,256	1,533,890	1,271,127
Capital Outlay	367,866	40,497	69,390	274	251,007	536,311	413,537	1,434,054	646,227	1,881,450
Debt Service	485,595	486,078	484,231	481,845	485,220	426,866	633,678	368,281	721,295	692,320
TOTALS	<u>\$ 17,223,713</u>	<u>\$ 16,661,723</u>	<u>\$ 22,271,443</u>	<u>\$ 16,096,283</u>	<u>\$ 17,223,013</u>	<u>\$ 18,646,022</u>	<u>\$ 15,719,766</u>	<u>\$ 16,097,451</u>	<u>\$ 16,088,841</u>	<u>\$ 14,603,239</u>

(A) Includes General and Special Revenue Funds

City of Marquette, Michigan

TABLE 6

GENERAL REVENUES BY SOURCES (A)

LAST TEN FISCAL YEARS

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Property Taxes	\$ 7,579,498	\$ 7,155,812	\$ 6,305,971	\$ 5,955,861	\$ 5,801,421	\$ 5,653,404	\$ 5,731,848	\$ 5,637,496	\$ 5,337,013	\$ 5,222,963
Payments in lieu of property taxes	2,375,979	2,353,273	2,053,758	2,027,879	2,085,024	2,100,334	2,110,643	2,134,757	2,096,223	1,977,503
State and Federal sources	4,427,476	7,442,771	4,252,731	5,012,952	5,367,545	5,915,467	5,254,885	4,616,701	5,002,412	4,537,938
Intergovernmental revenue	162,210	143,489	128,399	156,009	134,616	132,768	112,827	79,759	92,247	74,965
Licenses and permits	33,574	28,250	36,243	18,543	17,069	17,779	18,552	17,949	19,042	15,346
Charges for services	3,489,134	3,411,545	4,060,366	3,091,139	2,410,279	2,311,854	2,152,686	2,077,295	2,003,932	2,023,314
Sales	177,963	173,771	166,466	176,336	183,290	172,578	143,853	142,009	178,356	174,368
Use and admission fees	680,392	580,624	592,834	496,419	502,252	446,142	490,420	528,473	534,937	496,914
Fines and forfeits	99,652	95,917	137,572	136,538	138,538	139,794	118,463	117,874	113,240	129,537
Rentals	158,526	135,111	126,317	123,816	120,937	125,639	172,114	142,818	214,773	207,545
Special assessments	44,179	89,813	63,506	66,143	104,534	92,978	209,115	22,584	72,095	86,117
Sale of assets	-	908	11,721	3,743	68,464	14,134	3,106	4,409	103,934	101,783
Contribution from private sources	124,718	107,630	21,915	21,500	95,321	94,829	45,500	29,043	65,690	47,959
Reimbursements	49,910	53,771	40,090	20,433	20,580	30,575	27,545	7,838	9,234	13,453
Investment income	614,673	172,377	21,945	(128,122)	255,826	736,734	775,369	309,371	310,245	383,220
Other revenue	192,255	113,380	53,029	117,391	63,912	17,141	30,232	523,321	219,409	14,959
TOTAL	\$ 20,210,139	\$ 22,058,442	\$ 18,072,863	\$ 17,296,580	\$ 17,369,608	\$ 18,002,150	\$ 17,397,158	\$ 16,391,697	\$ 16,372,782	\$ 15,507,884

(A) Includes General and Special Revenue Funds

City of Marquette, Michigan
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended 30-Jun	Residential Property	Commercial Property	Industrial Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Non-homestead Tax Rate
1998	\$ 387,741,800	\$ 710,834,000	\$ 189,743,000	\$ 550,000,000	\$ 738,318,800	52.4645
1999	405,804,000	765,042,200	189,705,000	600,000,000	760,551,200	52.9245
2000	422,472,800	805,199,200	189,647,800	630,000,000	787,319,800	52.3896
2001	445,150,600	816,953,800	189,142,200	640,000,000	811,246,600	52.3904
2002	464,986,000	835,304,526	195,691,400	654,000,000	841,981,926	51.5246
2003	490,583,800	871,054,400	194,428,600	660,000,000	896,066,800	50.2004
2004	518,825,918	919,595,096	200,286,600	670,000,000	968,707,614	51.3095
2005	599,036,634	893,544,328	198,964,000	669,738,800	1,021,806,162	52.2010
2006	677,157,600	942,051,800	201,124,600	671,612,000	1,148,722,000	52.5148
2007	745,172,800	972,932,800	201,442,400	671,485,600	1,248,062,400	51.9322

Source: City of Marquette Assessor's Department.

Note: Property in the City is reassessed each year. Property is assessed at actual value; however, the State equalized values (SEV) are equal to 50% of actual value. Tax rates are per \$1,000 of taxable value.

City of Marquette, Michigan
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended 30-Jun	City District Rates				Overlapping Rates*		Total
	General Fund	Library Fund	Debt Service Funds	Total Direct	(A) Marquette Area Public School District	(B) County of Marquette	
1998	\$ 13.630	\$ 1.418	\$ -	\$ 15.048	\$ 8.600	\$ 9.816	\$ 33.464
1999	13.630	1.418	1.000	16.048	8.600	9.816	34.464
2000	14.130	1.418	0.960	16.508	8.600	9.816	34.924
2001	13.630	1.418	0.950	15.998	8.600	9.792	34.390
2002	13.630	1.418	0.950	15.998	8.600	9.792	34.390
2003	13.630	1.418	0.900	15.948	7.800	9.777	33.525
2004	13.630	1.418	0.850	15.898	6.600	9.703	32.201
2005	13.710	1.418	0.820	15.948	7.600	9.762	33.310
2006	14.710	1.413	0.800	16.923	7.600	9.678	34.201
2007	15.273	1.405	0.780	17.458	7.500	9.622	34.580

Source: City of Marquette Treasurer's Department.

Note: Rates for debt service are set based on each year's requirements.

* Overlapping rates are those of local and county governments that apply to property owners within the City of Marquette.

(A) - Includes Debt Service

(B) - Includes Intermediate School District, Special Education, County Wide Transit, and County Medical Facility.

Table 9

City of Marquette, Michigan
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
WE Energies	\$ 98,149,600	1	15.73%	\$ 98,786,000	1	26.47%
Marquette Medical Dental Center	10,241,278	2	1.69%	6,919,370	2	1.85%
O'Dovero Properties	4,445,112	3	0.71%	4,047,720	4	1.42%
HJ Larson & Associates, Inc.	3,997,899	4	0.64%	3,200,274	5	1.08%
Tourville Inc.	3,948,800	5	0.63%	5,280,855	3	0.86%
Shopko Stores, Inc.	3,022,700	6	0.48%	2,495,015	7	0.73%
Marquette General Hospital	2,343,493	7	0.38%			
Dagnais Real Estate Inc.	2,278,806	8	0.37%	2,738,718	6	0.67%
MFC First National Bank	2,266,258	9	0.36%	2,317,949	8	0.62%
Marquette Golf & Country Club	2,233,296	10	0.36%			
Woodview Village	-			2,307,530	9	0.62%
SEMCO Energy Gas Co.	-			1,982,900	10	0.53%
Total	<u>\$ 132,927,242</u>		<u>21.35%</u>	<u>\$ 130,076,331</u>		<u>34.85%</u>

Source: City of Marquette Assessor's Department.

City of Marquette, Michigan

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	5,478,127	5,463,511	99.73%	10,965	5,474,476	99.93%
(A) 1999	5,989,211	5,987,933	99.98%	44,673	6,032,606	100.72%
2000	6,295,517	6,295,517	100.00%	6,590	6,302,107	100.10%
2001	6,299,792	6,299,792	100.00%	9,455	6,309,247	100.15%
2002	6,550,764	6,550,764	100.00%	20,482	6,571,246	100.31%
2003	6,741,644	6,741,644	100.00%	7,616	6,749,260	100.11%
2004	6,903,752	6,903,752	100.00%	15,704	6,919,456	100.23%
2005	7,259,943	7,259,943	100.00%	5,722	7,265,665	100.08%
2006	8,075,509	8,075,509	100.00%	34,008	8,109,517	100.42%
2007	8,812,414	8,812,414	100.00%	4,529	8,816,943	100.05%

(A) Beginning in Fiscal Year 1999 County stopped charging back for unpaid real estate taxes.

Source: Marquette City Treasurer's Department.

City of Marquette, Michigan
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-Type Activities				Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation	Installment	Building Authority	Transportation	State Infrastructure	State Revolving	Water & Sewer	Marina	Storm Water	Intermodal Transportation			
	Bonds	Purchase	Bonds	Bonds	Bank Note	Loan	Bonds	Bond	Bond	Note			
1998	\$ 159,161	\$ 384,153	\$ 6,490,000	\$ 3,180,521	\$ -	\$ -	\$ 9,580,652	\$ 1,000,000	\$ 2,590,000	\$ 96,953	\$ 23,481,440	255622.03%	\$ 51,888,717
1999	149,986	268,733	6,170,000	3,020,000	-	-	9,259,233	955,000	2,435,000	44,934	22,302,886	242792.14%	52,382,404
2000	140,014	432,081	5,860,000	2,810,000	-	-	8,954,732	910,000	2,270,000	38,804	21,415,631	102496.56%	22,872,107
2001	129,244	200,000	5,540,000	2,560,000	-	-	8,416,529	865,000	2,095,000	-	19,805,773	89187.07%	20,582,592
2002	117,676	552,004	5,300,000	2,290,000	-	-	7,838,700	815,000	1,910,000	-	18,823,380	83562.91%	19,436,732
2003	104,911	495,727	5,050,000	2,005,000	-	-	7,231,311	765,000	1,715,000	-	17,366,949	75080.84%	18,484,903
2004	4,025,949	437,460	4,790,000	1,710,000	1,243,100	-	10,340,544	745,000	1,510,000	-	24,802,053	107224.30%	27,530,911
2005	8,875,791	376,353	4,520,000	1,400,000	1,160,227	-	9,585,037	670,000	1,295,000	-	27,882,408	115593.91%	29,679,893
2006	8,709,037	312,404	4,240,000	1,075,000	1,077,354	-	8,674,875	600,000	1,065,000	-	25,753,670	100302.50%	25,753,670
2007	14,151,087	245,439	3,945,000	735,000	994,481	209,061	9,188,751	530,000	820,000	-	30,818,819	116271.10%	30,818,819

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

^a See Table 17 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

City of Marquette, Michigan
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding		Percentage of Taxable Assessed Value ^a of Property	Per Capita ^b
	General			
	Obligation Bonds			
1998	\$	10,213,835	1.38%	\$ 460.17
1999	\$	9,608,719	1.26%	\$ 501.84
2000	\$	9,242,095	1.17%	\$ 470.72
2001	\$	8,429,244	1.04%	\$ 428.73
2002	\$	8,259,680	0.98%	\$ 398.75
2003	\$	7,655,638	0.85%	\$ 372.59
2004	\$	12,206,509	1.26%	\$ 589.57
2005	\$	16,332,371	1.60%	\$ 790.38
2006	\$	15,413,795	1.34%	\$ 748.93
2007	\$	20,280,068	1.62%	\$ 989.85

Note: Detail regarding the city's outstanding debt can be found in the notes to financial statements.

^a See Table 7 for property value data.

^b Population data can be found in Table 16.

City of Marquette, Michigan
Direct and Overlapping Governmental Activities Debt
As of June 30, 2007

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes			
City of Marquette	\$ 19,420,068	100.00%	\$ 19,420,068
County School District	8,405,000	62.31%	5,237,156
County of Marquette	2,280,000	29.28%	667,584
Other Debt			
Transportation Bonds	735,000	100.00%	735,000
Building Authority - Arena	125,000	100.00%	125,000
Library Improvements	3,400,000	100.00%	3,400,000
Tax Increment Bonds - DDA	678,571	100.00%	678,571
Total Direct and Overlapping Debt			\$ 30,263,379

Sources: Assessed value data used to estimate applicable percentages provided by the Marquette County Board of Equalization and Assessment. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Marquette. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

City of Marquette, Michigan
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Debt Limit	\$ 62,403,120	\$ 50,273,175	\$ 47,722,369	\$ 45,523,480	\$ 43,426,154	\$ 42,272,394	\$ 40,471,374	\$ 39,378,376	\$ 38,135,925	\$ 37,320,377
Total net debt applicable to limit	20,280,068	18,927,940	20,658,944	16,936,500	12,768,085	13,549,680	14,049,244	15,208,717	15,871,128	16,360,912
Legal Debt Margin	<u>\$ 42,123,052</u>	<u>\$ 31,345,235</u>	<u>\$ 27,063,425</u>	<u>\$ 28,586,980</u>	<u>\$ 30,658,069</u>	<u>\$ 28,722,714</u>	<u>\$ 26,422,130</u>	<u>\$ 24,169,659</u>	<u>\$ 22,264,797</u>	<u>\$ 20,959,465</u>
Total net debt applicable to the limit as a percentage of debt limit	32.50%	37.65%	43.29%	37.20%	29.40%	32.05%	34.71%	38.62%	41.62%	43.84%

Legal Debt Margin Calculation for Fiscal Year 2007:

State Equalized Assessed Value (SEV)	\$ 624,031,200
Debt limit (10% of total assessed value)	62,403,120
Debt applicable to limit:	
General obligation bonds	20,280,068
Less: Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>20,280,068</u>
Legal debt margin	<u>\$ 42,123,052</u>

Note: Under state finance law, the city's outstanding general obligation debt should not exceed 10 percent of total assessed property value.

City of Marquette, Michigan
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water Supply and Sewage Disposal Bonds						Marina Bonds					
	Gross Revenue (1)	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Coverage	Gross Revenue (2)	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
1997	\$ 6,481,627	\$ 4,044,177	\$ 2,437,450	\$ 260,000	\$ 487,083	3.26	\$ 198,884	\$ 263,458	\$ (64,574)	\$ -	\$ 55,858	(1.16)
1999	6,616,857	4,450,133	2,166,724	285,000	472,163	2.86	211,548	266,986	(55,438)	45,000	54,770	(0.56)
2000	6,574,762	4,620,270	1,954,492	410,000	455,881	2.26	244,170	261,038	(16,868)	45,000	52,610	(0.17)
2001	6,049,251	4,950,437	1,098,814	440,000	433,023	1.26	278,081	372,188	(94,107)	45,000	50,371	(0.99)
2002	5,824,445	4,855,728	968,717	460,000	408,551	1.12	610,856	298,055	312,801	50,000	47,936	3.19
2003	6,004,114	4,966,469	1,037,645	485,000	380,898	1.20	238,680	340,892	(102,212)	50,000	44,842	(1.08)
2004	5,885,421	5,155,256	730,165	125,000	282,576	1.79	254,110	381,534	(127,424)	55,000	33,883	(1.43)
2005	5,898,264	5,610,137	288,127	620,000	197,933	0.35	264,061	337,750	(73,689)	75,000	19,300	(0.78)
2006	6,044,127	6,025,785	18,342	630,000	185,565	0.02	293,346	351,866	(58,520)	70,000	17,900	(0.67)
2007	6,117,237	6,212,183	(94,946)	640,000	172,915	(0.12)	301,757	373,136	(71,379)	70,000	16,413	(0.83)

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

- (1) Total operating revenues including interest.
- (2) Total operating revenues include interest and an operating grant.
- (3) Total operating revenues including interest and excluding grants.
- (4) Total operating revenues including interest, and delayed payment fees beginning in 1997.
- (5) Total operating expenses excluding payment in lieu of taxes and provision for retirement of debt.
- (6) 1993 Series Bond Issue - Called October 11, 2001.

(Continued)

City of Marquette, Michigan
Pledged-Revenue Coverage
Last Ten Fiscal Years
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Fiscal Year	Storm water Utility Bonds						Electric Utility Bonds					
	Gross Revenue (3)	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Coverage	Gross Revenue (4)	Less: Operating Expenses (5)	Net Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
1998	\$ 1,070,182	\$ 269,298	\$ 800,884	\$ 150,000	\$ 129,340	2.87	\$ 18,693,923	\$ 11,907,312	\$ 6,786,611	\$ 1,825,000	\$ 1,711,590	1.92
1999	873,227	300,301	572,926	155,000	123,190	2.06	20,594,729	12,005,104	8,589,625	2,530,000	1,623,990	2.07
2000	1,021,413	318,016	703,397	165,000	116,680	2.50	20,684,893	13,619,680	7,065,213	2,725,000	1,502,550	1.67
2001	875,726	350,192	525,534	175,000	109,585	1.85	21,959,339	14,269,046	7,690,293	2,850,000	1,371,750	1.82
2002	751,114	435,175	315,939	185,000	101,885	1.10	21,790,621	13,777,615	8,013,006	2,850,000	1,104,864	2.03
										24,320,000 (6)		
2003	744,630	833,054	(88,424)	195,000	93,560	(0.31)	25,474,342	17,496,805	7,977,537	2,675,000	604,628	2.43
2004	716,049	608,570	107,479	205,000	83,843	0.37	24,235,182	16,765,002	7,470,180	3,610,000	509,865	1.81
2005	697,959	607,499	90,460	230,000	64,635	0.31	25,251,067	19,958,521	5,292,546	3,705,000	349,050	1.31
2006	714,865	801,622	(86,757)	230,000	53,250	(0.31)	24,345,158	18,720,262	5,624,896	3,805,000	406,125	1.34
2007	844,869	838,382	6,487	245,000	53,250	0.02	24,791,443	20,413,191	4,378,252	2,695,000	291,975	1.47

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

- (1) Total operating revenues including interest.
- (2) Total operating revenues include interest and an operating grant.
- (3) Total operating revenues including interest and excluding grants.
- (4) Total operating revenues including interest, and delayed payment fees beginning in 1997.
- (5) Total operating expenses excluding payment in lieu of taxes and provision for retirement of debt.
- (6) 1993 Series Bond Issue - Called October 11, 2001.

City of Marquette, Michigan
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level In Years of Schooling	School Enrollment	Unemployment Rate
1998	22,196	\$ 9,186	\$ 20,299	29.1	12.8	4,425	4.8
1999	19,147	9,186	21,575	29.1	12.8	4,387	4
2000	19,634	20,894	22,315	29.1	12.8	4,221	4.7
2001	19,661	22,207	23,078	30.6	12.8	4,072	4.6
2002	20,714	22,526	23,260	30.6	12.8	3,894	6
2003	20,547	23,131	24,620	30.6	12.8	3,742	6.2
2004	20,704	23,131	25,676	30.6	12.8	3,660	5.1
2005	20,664	24,121	25,676	30.6	12.8	3,573	6.1
2006	20,581	25,676	25,676	30.6	12.8	3,470	5.5
2007	20,488	26,506	26,506	30.6	12.8	3,449	6.3

Sources: Population, personal income, and per capital income provided by the U.S. Department of Commerce, Bureau of Economic Analysis.

Median age provided by the U.S. Bureau of Census.

Education and school enrollment provided by from Marquette-Alger Regional Education Service Agency.

Unemployment provided from the Michigan Employment Security Commission.

City of Marquette, Michigan
Principal Employers
Current Year and Nine Years Ago

Taxpayer	2007			1998 ^a		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Marquette General Health Systems	2,398	1	6.68%	1,857	1	5.82%
Cleveland Cliffs	1,300	2	3.62%			
Northern Michigan University	1,155	3	3.22%	1,180	2	3.70%
Peninsula Medical Center	630	4	1.76%			
Westwood Mall Merchants	500	5	1.39%			
Marquette Area Public School District	425	6	1.18%	455	5	1.43%
Michigan Department of Corrections	425	7	1.18%			
Bell Memorial Heath System	335	8	0.93%	300	7	0.94%
County of Marquette	283	9	0.79%			
AMR Regional Aircraft Maintenance Facility	225	10	0.63%			
Empire Iron Mining Partnership				1,000	3	3%
Tilden Mining Co.				900	4	2.82%
Wal-Mart Stores, Inc.				400	6	1.25%
American Eagle Airlines, Inc.				250	8	0.78%
Gwinn Area Community Schools				245	9	0.77%
Ojibwa Casino II				235	10	0.74%
Total	<u>7,676</u>		<u>21.38%</u>	<u>6,822</u>		<u>21.38%</u>

Source: U.S. Census, Michigan Economic Development Corporation, and Michigan Department of Labor and Economic Growth provided on a county wide basis.

^a Information dating back to 1998 was not available, therefore the oldest information available from the above sources was used, which dates back to 2004.

City of Marquette, Michigan
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees as of June 30									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Government										
Administration Services	26	21	23	23	26	23	22	20	22	20
Public Health and Safety										
Police Officers	39	39	41	41	41	42	42	42	40	41
Firefighters and Officers	25	25	26	26	25	25	27	26	26	24
Public Works	33	35	37	39	40	38	36	36	37	37
Highway and Streets	11	6	8	9	9	8	7	7	8	8
Social Services	4	4	5	4	5	5	5	5	5	5
Recreation and Culture	6	6	7	7	8	7	7	8	8	7
Storm Water	1	1	1	1	1	1	1	-	-	-
Motor Pool	7	9	10	10	10	10	10	10	10	10
Water	15	15	17	16	16	17	17	17	17	17
Wastewater	9	8	9	10	10	10	10	10	10	10
Library	14	14	14	14	15	14	15	14	15	11
Total	<u>190</u>	<u>183</u>	<u>198</u>	<u>200</u>	<u>206</u>	<u>200</u>	<u>199</u>	<u>195</u>	<u>198</u>	<u>190</u>

Source: City Budget Office

City of Marquette, Michigan
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Police										
Physical arrests	1,424	1,401	909	1,424	1,549	1,843	1,738	848	1,543	1,568
Parking violations	8,888	10,039	9,699	7,374	4,696	4,463	10,517	9,711	12,338	13,980
Traffic violations	2,910	2,484	2,607	3,182	3,048	3,438	3,394	1,731	438	4,186
Fire										
Emergency responses	638	540	535	603	450	503	474			
Fires extinguished	29	29	32	34	32	39	24			
Inspections	3,129	841	127	167	213	203	154			
Refuse collection										
Refuse collected (tons per week)	57.4	31.8	53.2	86.9	37.8	19.7	35.0			
Recycling (tons per week)	17.2									
Other public works										
Street resurfacing (miles)	2.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Potholes repaired	108	1	1	1	1	1	1	1	1	1
Parks and recreation										
Total Campers	9,308	10,202	9,243	8,196	8,119	9,769	10,677	7,932		
Beach Attendance	29,557	34,381	41,498	22,133	37,679	28,629	30,697			
Library										
Volumes in collection	214,802	200,000	195,406	191,711	183,314	174,916	161,356	160,617	152,703	142,000
Total volumes borrowed	335,991	335,008	300,443	328,216	328,360	322,194				
Water										
Consumers	5,739	5,697	5,683	5,589	5,575	5,684	5,756	5,744	5,771	5,779
Water mains breaks										
Average daily consumption (millions of gallons)	2.77	2.93	3.41	2.92	3.06	2.92	2.94	3.08	3.15	3.90
Wastewater										
Average daily sewage treatment (millions of gallons)	3.04	3.30	3.29	3.39	3.53	3.35	3.38	3.54	3.65	3.55

Source: Various City Departments

City of Marquette, Michigan
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Other Public works										
Streets (miles)	99.0	99.0	98.0	98.0	97.0	85.4	85.4	85.4	85.4	84.6
Streetlights	2,317	2,358	2,358	2,349	2,354	2,387	2,386	2,402	2,372	2,384
Parks and recreation										
Parks	19	19	19	18	18	18	18	18	18	17
Playfields	13	13	13	13	13	13	11	11	11	7
Marina	2	2	2	2	2	2	2	2	2	2
Camping Spaces	110	110	110	110	110	110	110	110	110	110
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	96.5	96.5	96.5	93.5	91.0	90.0	89.8	89.7	89.3	89.0
Wastewater										
Sanitary sewers (miles)	93.0	93.0	93.0	89.5	88.7	88.7	88.5	88.5	88.4	81.4
Storm sewers (miles)	59.0	59.0	59.0	56.0	50.0	47.5	47.4	47.3	47.3	34.4

Source: Various City Departments